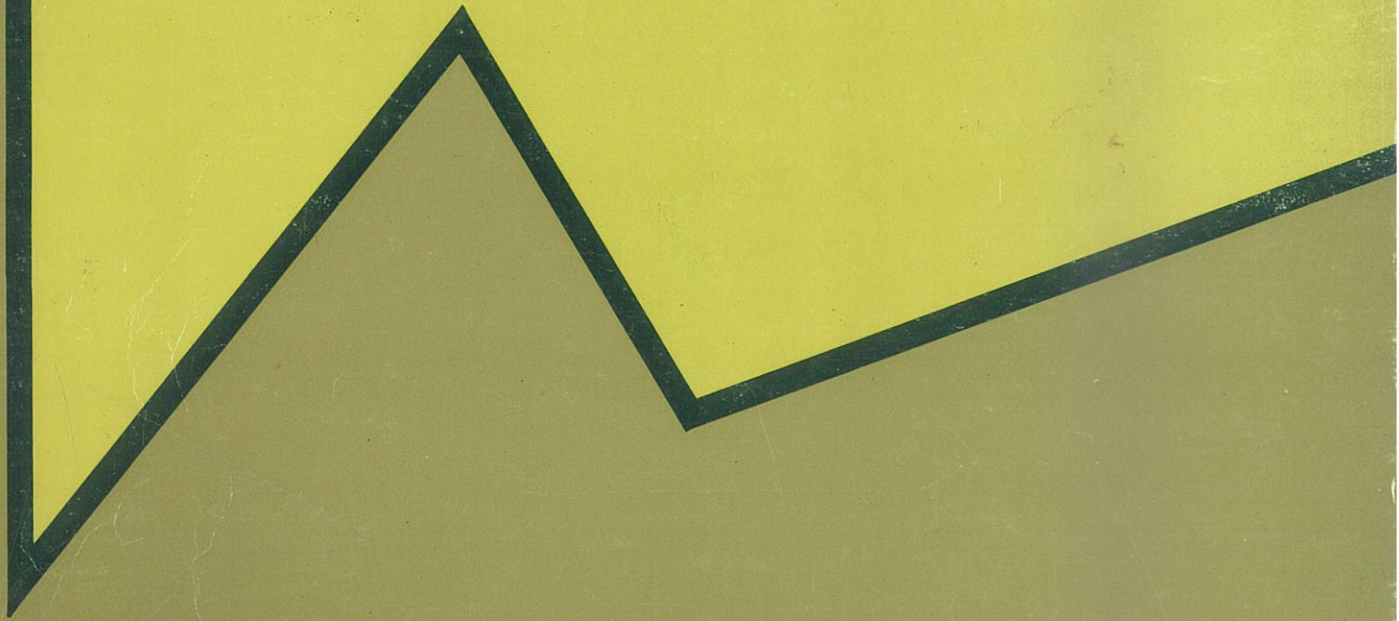


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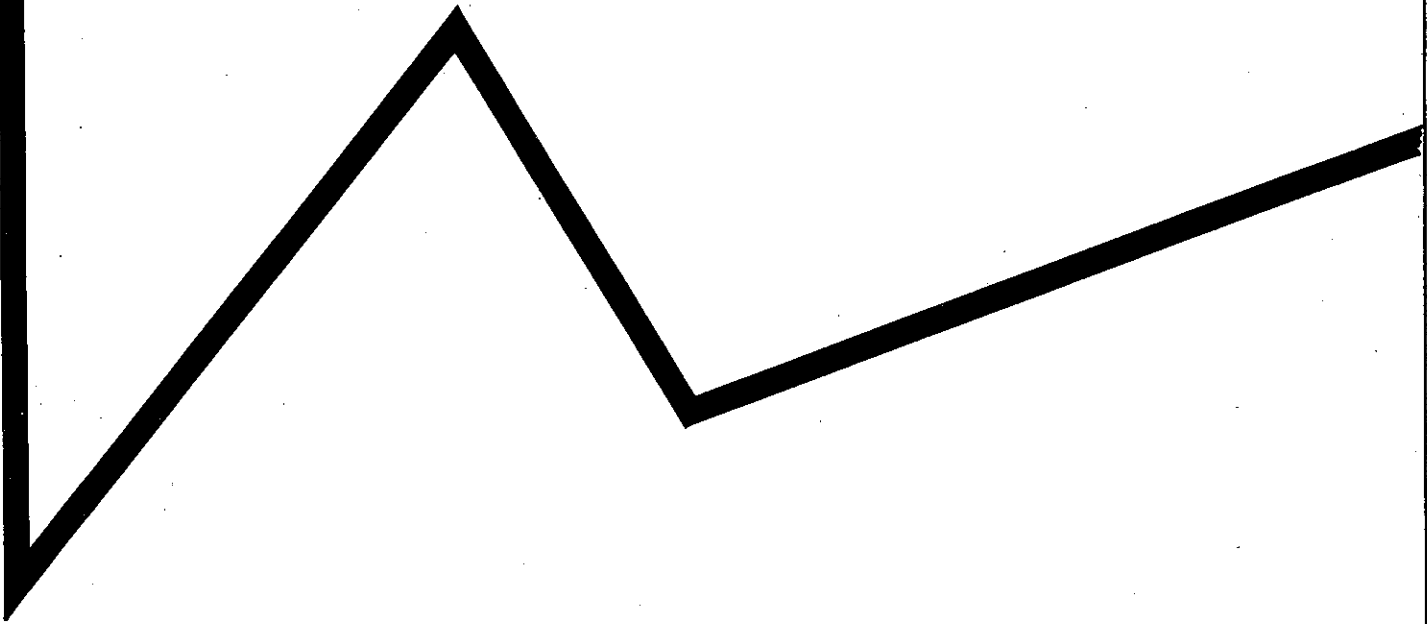


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Türk  
sanayicileri  
ve  
iş adamları  
derneği

TURKISH INDUSTRIALISTS AND BUSINESSMEN'S ASSOCIATION

# THE TURKISH ECONOMY 1983



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**TURKISH INDUSTRIALISTS AND BUSINESSMEN'S ASSOCIATION**

TUSIAD, TURKISH ECONOMY, 1983

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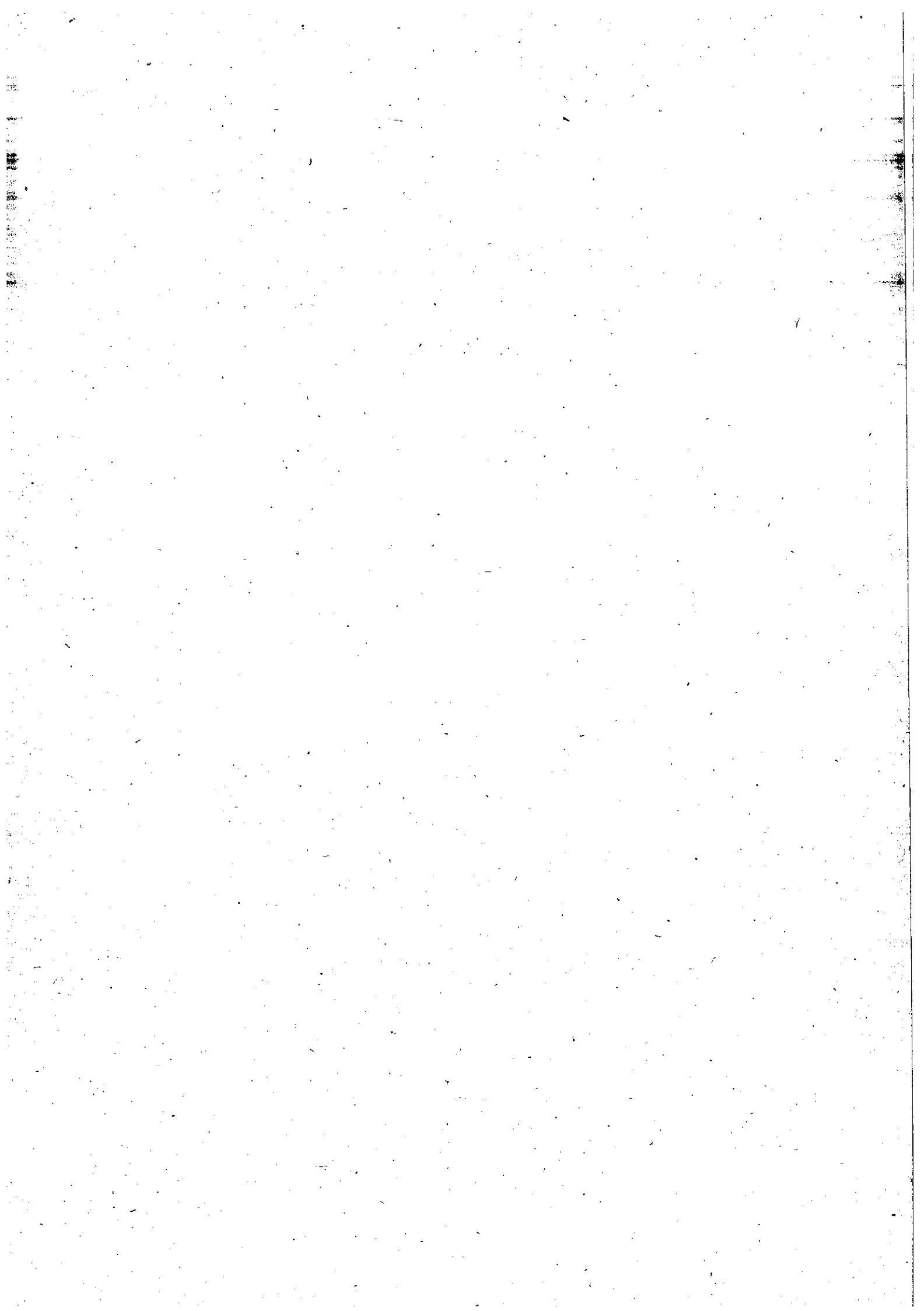
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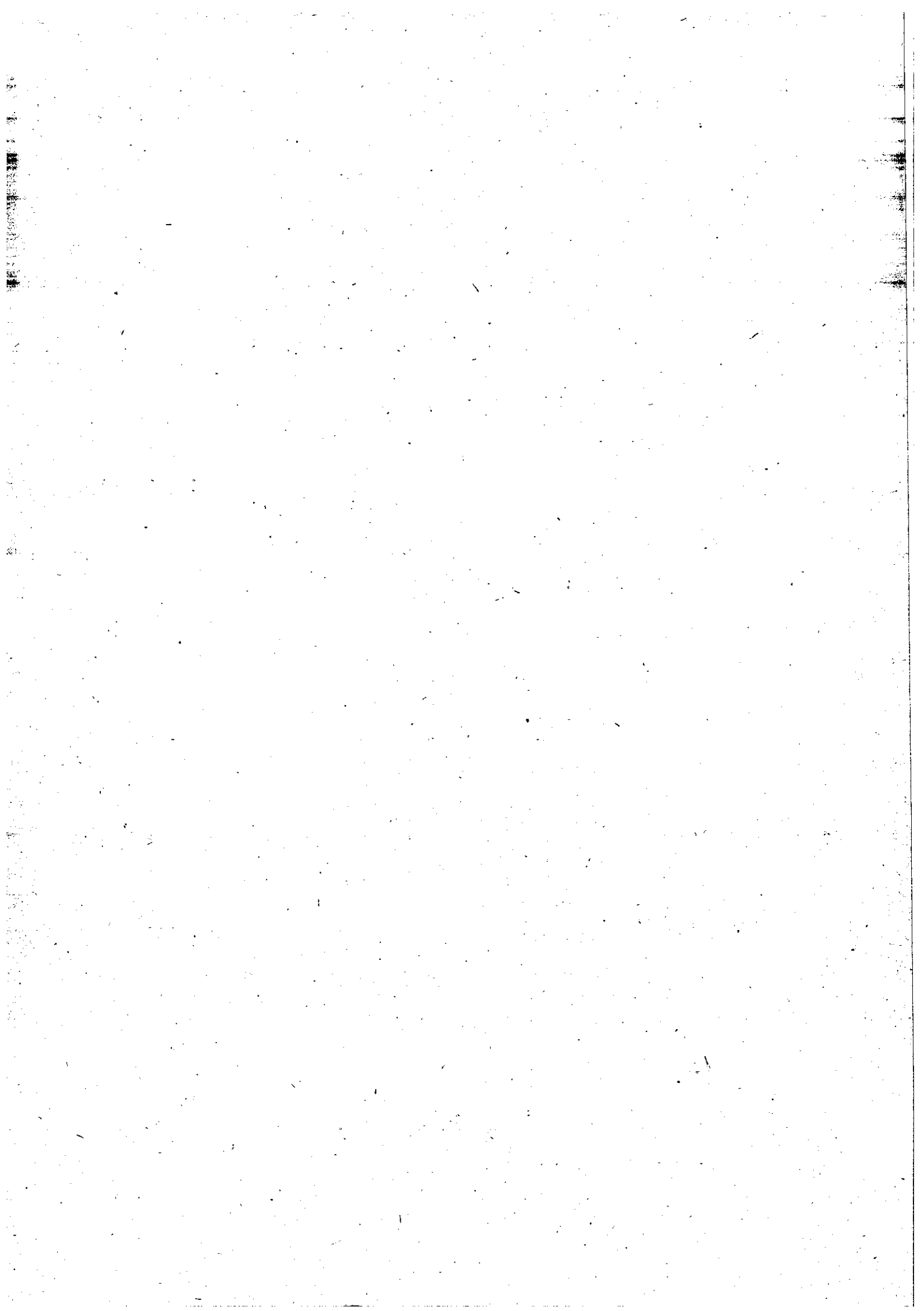
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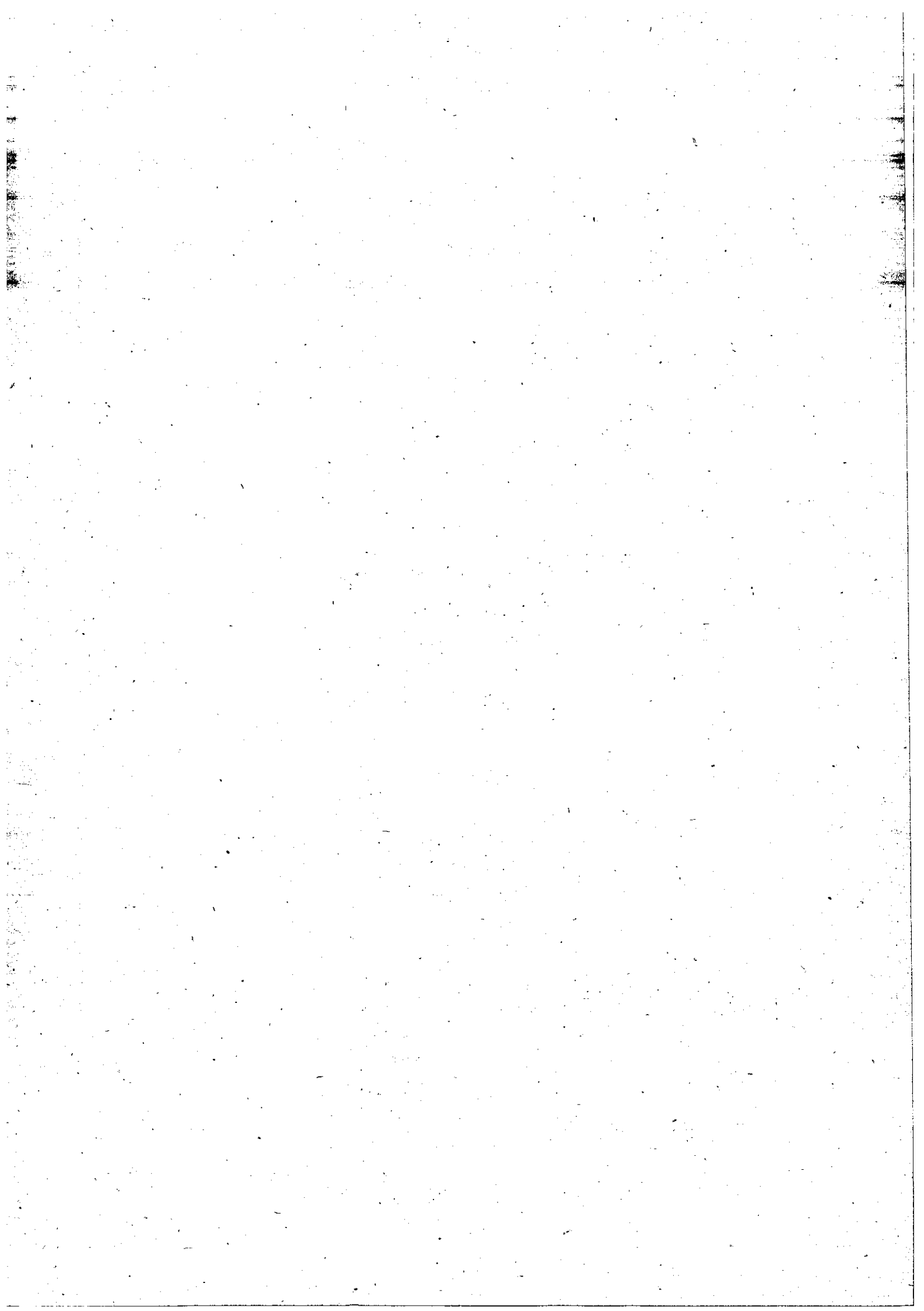
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## F O R E W O R D

"Turkish Economy 1983" is the eight consecutive annual report published by the economic research section of The Turkish Industrialists and Businessmen Association. This survey is now accepted as an authoritative work of reference throughout the world.

The main sources used in the preparation of this Report were the various publications of the State Planning Organisation, the Ministry of Finance and other Ministries, the Central Bank and the State Institute of Statistics, of the ANKA, EBA and IKA News Agencies and of the IMF, the IBRD and the OECD.

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### III

## SUMMARY & CONCLUSIONS

The economic policy reforms introduced in 1980 were not only intended to redress the chaotic situation ruling at the time; they were intended, too, to bring about a radical change in the development strategy which Turkey had followed for several decades. The new strategy involved a rapid move towards a predominantly market economy which would gradually become completely integrated with the world economy.

In this fourth year of their adoption, it may truly be said that the new policies have been a great success, especially in reducing the rate of inflation and improving the balance of payments performance.

At current prices, the GNP increased by 33 percent to TL 8,714 billion in 1982; in real terms, the growth rate was 4.6 percent, a satisfactory improvement over the 4.1 percent growth achieved in the previous year. It was again one of the highest rates recorded by any of the OECD countries,

Last year's growth owed much to the improvement in agriculture; after stagnating in 1981 with a growth rate of a mere 0.1 percent, agriculture last year surged ahead to 6.4 percent growth. On the other hand, industry performed far less satisfactorily than in 1981 and the sectoral growth rate fell from 9.1 percent to only 6.3 percent.

In spite of the prolonged recession in the industrialised countries, along with the reduction in the OPEC countries' trading surpluses, Turkish exports continued to develop strongly under the impact of subdued domestic demand and aided by more realistic exchange rates and various other incentives.

In fact, "visible" exports last year increased by 22 percent overall and earnings from manufactured and processed goods went up by 50 percent to account for 60 percent of total sales. Since the turn of the year, the growth rate has tapered off but exports of manufactures continue to do especially well and the indications are that the year's export target of \$ 6.6 bn will be met to within a few percent.

The inflow of workers' remittances lost its momentum in 1982, decreasing by 12.6 percent as against an improvement of 20.2 percent in 1981. The returns for the first few months of the current year were also disappointing.

In the face of the lack of home market demand and the high cost of finance in the money and capital markets, private sector investment remained sluggish throughout 1982. No important

#### IV

overall improvement is to be expected in 1983 but there are signs of rather more investment activity in one or two sectors.

Until quite recently, the rationale of the attempts to industrialise may be summarised as favouring import substitution rather than production for export, favouring heavy industry at the expense of agriculture and putting the emphasis on the public rather than the private sector. From the outset, these policies led to ever-increasing difficulties centred round the relatively high cost of import substitution, the inefficiency and managerial incompetence of most of the State Economic Enterprises and the consequent decline in the productivity of total investment and the waste of resource potential.

However, the constant raising of investment's share of the Gross National Product meant that until 1977, high rates of economic growth were in fact achieved. But the inevitable deterioration in economic performance began to show up in the Second Plan Period (1968-1972) and it continued and became still more accentuated with the impact of the oil crisis. This trend is clear from the increases in incremental capital-output ratios (ICOR) which reflect the efficiency or otherwise of the use of additional resources.

With the rising cost of import substitution, the economy-wide ICOR increased from 2.3 in 1963-1967 to 2.6 in 1968-1972 and then rose sharply to 3.8 in 1973-1977. The increase was still more marked in the manufacturing sector, where most of the inefficient import substitution was concentrated; in this sector, the ICOR moved from 1.6 in 1963-1967 to 2.4 in 1968-1972 and to 4.7 in 1973-1977. The rate of economic growth was maintained only by raising the volume of gross fixed capital investment within the GDP; this increased from 16 percent in 1963-1967 to 17.8 percent in 1968-1972 and to a peak of 19.8 percent in 1973-1977.

This increase in the amount of investment was largely made possible by the inflow of funds from abroad, initially in the form of workers' remittances and, subsequently, in foreign loans and credits, too. Only a negligible contribution was made by foreign investors.

In some fields, adaptation to the market conditions engendered by the January 1980 programme was and indeed still is a slow process for the private as well as the public sector. Moreover, the sluggish business conditions which were associated with the application of the new policies meant that the volume of private enterprise investment stagnated and there was thus no multiplying effect on GNP or new opportunities for employment in industry. In the face of this, the continued growth of the labour force, the lack of demand from abroad for foreign labour and rising labour productivity have together raised the numbers of unemployed to critical levels in several sectors, such as construction and the automotive and consumer durables industries.

Given the ingrained tradition of inward orientation and the strictly limited use of market mechanisms, especially in the public sector, a complete change obviously cannot be expected overnight. The public and private sectors both need time in which to adjust to changing circumstances. And private enterprise needs also to be able to look ahead with some certainty as to the pattern which will be established in the future.

This objective would be served by the government's adoption of a policy framework covering at least short- and medium-term perspectives. Such a framework should include the measures aimed at encouraging exports, promoting savings and investment, fostering modernization and technological developments and improving the management and productivity of the State Economic Enterprises.

There is the need, too, for the establishment of an institutional structure to formulate and implement short and medium term policies in a manner which the present Annual Development Programmes prepared by the State Planning Organisation are far from accomplishing. Finally, government regulations need to be simplified, integrated and revised in tune with present day requirements and international market practises.

Export efficiency and viable import substitution should not be encouraged by export subsidies and import prohibitions but by increased reliance on the exchange rate and import tariffs as policy instruments.

Increased emphasis on the adjustment of the exchange rate would have to be accompanied by the reduction of Turkey's inflation rate to the level of that of its major Western trading partners the Federal German Republic, Switzerland, the U.S.A., France, Italy and the United Kingdom. Otherwise, continued adjustments would be necessary to maintain export competitiveness.

Economic policy changes should also be aimed at promoting investment by removing obstacles against exports and reducing the existing import restrictions and rather high levels of protection. The disparities in the rates of import protection need to be reduced and the use of instruments of protection rationalised.

The restructuring of an economy in the process of becoming outward oriented, necessitates new investment, which in turn requires an increased rate of domestic savings and more foreign investment.

In so far as this latter is concerned, the measures taken in January 1980 have been successful in changing the national attitude towards foreign capital. It is now genuinely welcomed and the adoption of more simple procedures (which, hopefully, will eventually be incorporated in The Foreign Capital Investments Law, Law No.6224 itself), along with much more precise indications as to the fields in which foreign investment is sought have done much to re-create interest in Turkey as an investment prospect. The foreign capital



## VI

"stock" increased from \$ 228.1 mn at the end of 1979 to some \$ 830 mn at the end of 1982. It is true that the bulk of this new investment represents the use of blocked Lira funds in respect of outstanding payments for imports during the critical years 1977/1979, but there is a substantial - and now seemingly more rapidly growing - volume of entirely new investment, too. Not even the most optimistic of Turkey's planners expected, or expect, that there would be an avalanche of new foreign investment after the 1980 measures were introduced; the important point is that confidence has largely been restored abroad. There should be a further marked improvement when the policies of the government to be formed after the return to parliamentary rule later this year are known; further more acceptance of the suggestions made earlier will mean improved levels of foreign and as well as domestic investment. Lately, special efforts have been made to arouse U.S. investment interest in the agricultural and agro-industry fields; however successful or otherwise these efforts may prove to be, there is an urgent need for Turkey more actively to seek foreign investment for specific projects/fields of investment.

A number of steps could be taken to increase the volume and reduce the cost of the loanable funds available to both wholly domestic and joint venture investors in the private sector. These include the elimination of transaction tax on financial operations, the lowering of the cost of holding statutory reserves at the Central Bank, the taxation of real - i.e. net of inflation - interest earnings rather than nominal returns, and further reducing the State sector's operating deficit. So far as this deficit is concerned, the recently published framework for the re-organisation of the State Economic Enterprises could go some way in the right direction but the fact remains that the SEE's may continue to be open to political interference.

The optimum allocation and use of investment funds could be promoted by limiting the scope and volume of selective credits and by actively promoting the merits and advantages of the capital market.

The very concept of a market economy is new in Turkey; since World War II, state and private enterprise entrepreneurs alike had read and digested the orders and regulations put out by the bureaucracy and based their business decisions on these rather than on the latest signals from the market place. For years the bureaucracy believed that the nation's best interests could not be served by following the solutions indicated by day-to-day market forces. This meant that private enterprise existed only in name; the profit incentive and its vital link with investment and employment was not properly appreciated.

In leading the recovery after the 1977-1979 foreign exchange and general economic crisis, private entrepreneurs proved for the first time in Turkey's history that they were the tools with which an adequate inflow of foreign exchange could be assured.

## VII

Private enterprise showed that, given proper understanding and assistance from the authorities, it can be the real force behind national recovery and economic stability.

Public opinion, including most of the bureaucracy, quickly began to believe that the private sector's export success - and, especially, Turkish contractors' brilliant achievements in the Middle East and elsewhere abroad - could be repeated in other areas. In the modernization of domestic industry, in improving infrastructure, energy and communications, in rehabilitating and modernising the banking sector and in ensuring high quality and a wider range of manufactured products; all this, provided always that the proper legal and economic framework is created in good time. Turkish management, public and private, now believes that, in spite of its accepted imperfections, the market economy system is that which, with proper corrections from time to time, is the most effective instrument to serve the individual and the common good to the greatest advantage. It is today accepted that the exercise of economic choice and the distribution of economic power in tune with market forces is a pre-requisite for the promotion of industrial democracy.

When the market - labour, money, capital, foreign exchange - real estate is non-existent, or too small or inadequate to serve its proper function, it is the State's duty to establish, to enlarge or to improve it; not to replace it by artificial forces and bureaucratic procedures. The Turkish planning exercise should be re-organised anew around this concept, the concept which is generally accepted and successfully implemented in so many West European countries. It is encouraging that the will to re-organise and to implement already exists.



## SECTION I

### TURKISH ECONOMY AT 1982



## CHAPTER I

### NATIONAL ACCOUNTS, INVESTMENTS

#### PUBLIC FINANCE, PRODUCTION, EMPLOYMENT

##### 1. GNP PERFORMANCE IN 1982

Real growth in the Gross National Product averaged 5.6 percent per annum during the twenty years period 1963 to 1982. High growth rates were maintained until 1977, averaging 6.9 percent p.a., but the average for the following six years was only 2.3 percent p.a. After the down-turn in economic activity which continued until 1980 the growth rate showed a marked improvement, rising to 4.1 percent in 1981 and to 4.6 percent in 1982. Although the growth rates were similar in these two years, they were achieved by very different means. In 1981, growth in agriculture was only marginally above zero, whilst the industrial sector as a whole showed an improvement of 9.1 percent and output in the manufacturing sub-sector rose by 9.4 percent. On the other hand, the agricultural sector was by far the most important contributor to GNP growth in 1982. Indeed, agriculture's growth rate of 6.4 percent has rarely been achieved and it is exactly double the sector's average annual growth rate for the past twenty years. After a good performance in 1981, growth in the industrial sector dropped to only 6.3 percent last year.

Stagnation in the construction sector continued in 1982 with a growth rate equal to 0.5; this compares with rates of 0.8 percent in 1980 and 0.4 percent in 1981. Towards the end of the year however a revival was observed which might increase the sector's growth rate when a further revision of National Income Accounts is made. At constant 1968 prices, the commercial sector's contribution to GNP was 30.4 billion TL., corresponding to an increase of 3.6 percent, relatively high and certainly much higher than 1.8 percent performance in 1981. Transportation did not fare so well either; its 1.9 percent growth rate was much lower than the preceding year's 3.6 percent. Business and personal services performed slightly better in 1982, with a growth rate increasing from 4.4 to 4.9 percent. Financial Institutions' activities expanded by 1.6 percent in 1982, as compared to 1.9 percent in 1981.

1982 GROSS NATIONAL PRODUCT (GNP)  
(BY KIND OF ECONOMIC ACTIVITY IN  
PRODUCERS VALUE AT 1968 PRICES)

(Million TL.)

	1981	Sectoral Share %	Growth Rate %	1982	Sectoral Share %	Growth Rate %
1)Agriculture	46,828.8	21.8	0.1	49,831.8	22.2	6.4
a)Agriculture and Livestock Production	44,651.3	20.8	- 0.1	47,750.8	21.3	6.9
b)Forestry	1,492.8	0.7	4.2	1,346.6	0.6	- 9.8
c)Fishing	684.7	0.3	8.3	734.4	0.3	7.3
2)Industry	54,044.3	25.2	9.1	57,471.7	25.6	6.3
a)Mining and Quarrying	4,067.2	1.9	7.5	4,080.7	1.8	0.3
b)Manufacturing	45,549.2	21.2	9.4	48,473.3	21.6	6.4
c)Electricity, Gas and Water	4,427.9	2.1	6.7	4,917.7	2.2	11.1
3)Construction	13,231.7	6.2	0.4	13,297.9	5.9	0.5
4)Wholesale and Retail Trade	28,942.4	13.5	6.8	30,360.6	13.5	4.9
5)Transportation and Communication	19,121.6	8.9	3.6	19,484.9	8.7	1.9
6)Financial Institution	7,101.4	3.3	1.9	7,215.0	3.2	1.6
7)Ownership of Dwelling	11,546.8	5.4	2.6	11,858.6	5.3	2.7
8)Business and Personal Services	10,853.0	5.0	4.4	11,383.1	5.1	4.9
9)(Less)Imp.Bank.Services Charge	3,928.3	1.8	1.9	3,991.2	1.8	1.6
10)Sectoral Total (1-9)	187,741.7	-	4.4	196,912.4	-	4.9
11)Government Services	21,367.3	10.0	4.0	22,521.1	10.0	5.4
12)Total (10+11)	209,109.0	-	4.4	219,433.5	-	4.9
13)Import Duties	3,637.3	1.7	0.7	3,895.5	1.8	7.1
14)GDP in Purchasers Value (12+13)	212,746.3	-	4.3	223,329.0	-	5.0
15)Net Factor Income From the Rest of the World	1,831.0	0.8	-15.4	1,074.9	0.5	-41.3
16)GNP in Purchasers Value (14+15)	214,577.3	100.0	4.1	224,403.9	100.0	4.6

\*31st March 1983, 4th Estimation.



1982 GROSS NATIONAL PRODUCT (GNP)  
(BY KIND OF ECONOMIC ACTIVITY IN  
PRODUCERS VALUE AT CURRENT PRICES)

(Million TL.)

	1981	Sectoral Share %	Growth Rate %	1982	Sectoral Share %	Growth Rate %
1)Agriculture	1,350,770.9	20.6	43.6	1,709,144.7	19.6	26.5
a)Agriculture and Livestock Production	1,307,088.4	19.9	44.5	1,654,454.0	19.0	26.6
b)Forestry	30,037.8	0.5	22.6	36,805.3	0.4	22.5
c)Fishing	13,644.7	0.2	23.7	17,885.4	0.2	31.1
2)Industry	1,768,911.0	27.0	57.6	2,459,112.4	28.2	39.0
a)Mining and Quarrying	127,844.1	2.0	96.8	168,345.1	1.9	31.7
b)Manufacturing	1,509,785.9	23.0	55.5	2,079,667.5	23.9	37.7
c)Electricity,Gas and Water	131,281.0	2.0	51.8	211,099.8	2.4	60.8
3)Construction	293,230.5	4.5	34.7	365,658.4	4.2	24.7
4)Wholesale and Retail Trade	1,028,527.1	15.7	54.2	1,396,739.8	16.0	35.8
5)Transportation and Communication	640,318.9	9.8	52.9	857,387.0	9.8	33.9
6)Financial Institution	195,544.3	3.0	64.4	243,257.1	2.8	24.4
7)Ownership of Dwelling	288,315.7	4.4	40.5	380,576.7	4.4	32.0
8)Business and Personal Services	351,175.3	5.4	50.6	468,116.7	5.4	33.3
9)(Less) Imp.Bank.Services Charge	97,532.7	1.5	64.4	121,330.7	1.4	24.4
10)Sectoral Total (1-9)	5,819,261.0	-	50.6	7,758,662.1	-	33.3
11)Government Services	481,147.4	7.3	27.4	686,597.3	7.9	42.7
12)Total (10+11)	6,300,408.4	-	48.5	8,445,259.4	-	34.0
13)Import Duties	113,484.0	1.7	31.9	154,613.8	1.8	36.2
14)GDP in Purchasers Value (12+13)	6,413,892.4	-	48.2	8,599,873.2	-	34.1
15)Net Factor Income From the Rest of the World	139,985.8	2.1	30.6	114,659.9	1.3	-18.1
16)GNP in Purchasers Value (14+15)	6,553,878.2	100.0	47.8	8,714,533.1	100.0	33.0

\*31st March 1983, 4th Estimation

Industries as a whole expanded by 4.9 percent in 1982, as compared to 4.4 percent in 1981. During 1982, government services increased by 5.4 percent as compared to 4.0 percent in 1981; taxes on imports increased by an impressive 7.1 percent as compared to only 0.7 percent in 1981. The overall result of these developments was that, in real terms, the gross domestic product at market prices increased by 5 percent in 1982 as against 4.3 percent in 1981. However, net factor income from the rest of the world decreased substantially in 1982, by 41.3 percent, so that the rate of increase in the gross national product was 4.6 percent as compared to 4.1 percent in the previous year.

The annual real GNP growth rates by the main sectors of the economy, in producers' values at constant prices of 1968, were as follows:

GNP GROWTH BY MAIN ECONOMIC SECTORS  
(in producers values at 1968 prices)

	1977	1978	1979	1980	1981	1982
Agriculture	- 1.2	2.8	2.8	1.7	0.1	6.4
Industry	7.0	3.4	- 4.7	- 2.9	9.1	6.3
Construction	5.6	4.2	4.2	0.8	0.4	0.5
Services	5.7	3.8	0.4	0.1	1.8	3.6
GDP	4.3	2.8	- 0.9	- 0.7	4.3	5.0
GNP	3.9	2.9	- 0.4	- 1.1	4.1	4.6

Source: SIS

The annual real GNP growth rates of the three main sectors of the economy (Agriculture, Industry, Services) at factor cost and at constant 1968 prices were as follows.

GNP GROWTH BY MAIN ECONOMIC SECTORS  
(at factor cost 1968 prices)

	1977	1978	1979	1980	1981	1982
Agriculture	- 1.3	2.7	2.8	1.7	0.1	6.7
Industry	10.2	6.6	- 5.6	- 5.8	7.2	4.6
Services	5.6	4.1	0.2	- 0.2	4.8	4.1
GDP	4.9	4.3	- 0.6	- 1.0	4.2	4.8
GNP	3.9	2.9	- 0.4	- 1.1	4.1	4.6

Source: SIS

As a result of the sectoral developments during the last two years, the services' share of the GNP has slightly decreased, both at current as well as at constant prices, while industry's and agriculture's shares mostly continued to increase.

GNP SHARES OF THE MAIN SECTORS.  
(at current prices)

	At Producers' Values			At Factor Cost		
	1980	1981	1982	1980	1981	1982
Agriculture	21.2	20.6	19.6	20.9	20.2	19.3
Industry	25.3	27.0	28.2	23.1	24.1	25.2
Services	53.5	52.4	52.2	49.7	48.8	48.9
Net Indirect Taxes	-	-	-	6.3	6.9	6.6
GNP	100.0	100.0	100.0	100.0	100.0	100.0

GNP SHARES OF THE MAIN SECTORS  
(at constant 1968 prices)

	At Producers' Values			At Factor Cost		
	1980	1981	1982	1980	1981	1982
Agriculture	22.7	21.8	22.2	22.0	21.1	21.5
Industry	24.0	25.2	25.6	19.8	20.4	20.4
Services	53.3	53.0	52.2	49.0	49.2	48.8
Net Indirect Taxes	-	-	-	9.2	9.3	9.3
GNP	100.0	100.0	100.0	100.0	100.0	100.0

The sectoral distribution of production shows a similar change. Production of services is slightly decreasing whilst industrial production is increasing and agricultural production remains constant.

Developments in the industrial sector indicate a relative decrease in the consumer goods industries and a relative increase in the intermediate goods sectors

SECTORAL DISTRIBUTION OF PRODUCTION  
(in 1982 prices)

	1981	% Distr.	1982	% Distr.
Agriculture	2,420.8	17.6	2,517.0	17.5
Crops	1,500.4	10.9	1,562.2	10.9
Livestock, Fishing	800.3	5.8	835.6	5.8
Forestry	120.1	0.9	115.2	0.8
Industry	5,955.5	43.4	6,276.2	43.8
Mining	258.5	1.9	266.9	1.9
Manufacturing	5,545.0	40.4	5,842.2	40.7
- Consumption	2,764.7	20.1	2,818.1	19.6
- Intermediate	2,209.7	16.1	2,408.1	16.8
- Investment	570.6	4.2	616.1	4.3
Energy	152.0	1.1	167.1	1.2
Total Gross Production	8,376.3	61.0	8,793.2	61.3
Services	5,354.6	39.0	5,552.7	38.7
Grand Total	13,730.9	100.0	14,345.9	100.0

PER CAPITA GNP  
(1962 - 1981)

	Population Mid - Year 000	At Current Producers' Prices TL.	At 1968 Producers' Prices TL.	Real Increase/ Decrease %
1962	28,933	1,991	2,639	-
1963	29,655	2,151	2,839	7.6
1964	30,394	2,346	2,883	1.5
1965	31,151	2,463	2,901	0.6
1966	31,934	2,863	3,168	9.2
1967	32,750	3,099	3,220	1.6
1968	33,585	3,350	3,350	4.0
1969	34,442	3,626	3,443	2.8
1970	35,321	4,184	3,551	3.1
1971	36,215	5,318	3,816	7.5
1972	37,132	6,485	3,999	4.8
1973	38,072	8,138	4,110	2.8
1974	39,036	10,941	4,304	4.7
1975	40,025	13,386	4,532	5.3
1976	40,938	16,366	4,771	5.3
1977	41,768	20,890	4,869	2.0
1978	42,640	30,270	4,906	0.7
1979	43,530	50,529	4,786	- 2.4
1980	44,438	99,805	4,638	- 3.1
1981	45,336	144,467	4,730	2.0
1982	46,312	180,170	4,845	2.4

Despite the fact that per capita GNP increased by 2.0 percent in 1981 and by a further 2.4 percent in 1982, the level attained in 1982 is still below that of 1977 and 1978. This gap is accounted for by the decline in per capita GNP equal to 2.4 percent in 1979 and to a further 3.1 percent in 1980. That is to say that the negative rates of GNP change in these two years, along with the continued high rate of population increase (circa 2.5 percent p.a.), combined in creating this unfavourable development. However some ground was regained in 1981 and 1982 with percapita increases of 2.0 percent and 2.4 percent respectively.

## 2. MACRO EQUILIBRIUM OF THE ECONOMY

### MACRO EQUILIBRIUM OF THE ECONOMY (as percentage of GNP)

	1973/77	1978	1979	1980	1981	1982
G.N.P.	100.0	100.0	100.0	100.0	100.0	100.0
Foreign Deficit	3.5	2.6	2.1	5.5	3.5	1.3
Total Resources	103.5	102.6	102.1	105.5	103.5	101.3
Fixed Capital Investment	19.7	21.7	21.8	19.5	18.5	18.9
Public	9.9	10.5	10.8	10.9	11.6	11.5
Private	9.8	11.2	11.0	8.6	6.9	7.4
Changes in Stocks	2.1	2.0	2.8	5.7	4.9	2.7
Public	1.7	1.5	2.1	1.1	3.3	1.2
Private	0.4	0.5	0.7	4.6	1.6	1.5
Total Investment	21.7	23.7	24.6	25.1	23.4	21.6
Public	11.6	12.0	13.0	11.9	14.9	12.7
Private	10.1	11.7	11.6	13.2	8.5	8.9
Total Consumption	81.8	78.9	77.5	80.3	80.1	79.8
Public	12.2	13.4	13.4	12.3	10.7	10.9
Private	69.6	65.5	64.1	68.0	69.4	68.9
Domestic Savings	18.2	21.0	22.5	19.7	19.9	20.2

Source: SPO

The data used in the following analysis was obtained from the Annual Programmes-within-The Five Year Development Plans and it is in current prices. To facilitate analysis all data has been expressed as a percentage of GNP. It is useful to contrast and compare the macro-equilibrium of the economy for 1982 with the data for the Third Plan Period (1973-1977), for the most critical years (1978-1979) and for the first two years of stabilization and recovery (1980, 1981).

The foreign deficit was reduced to a minimum in 1982. It was considerably higher during 1973-1977, dropped to 2.6 percent and 2.1 percent consecutively in the years 1978 and 1979 and increased to 5.5 percent and 3.5 percent during the stabilization period.

Fixed capital investment was considerably reduced in 1982, amounting to 18.9 percent of GNP as against 19.7 percent during 1973-1977 and 20.3 percent during 1978-1981. The decrease was mainly due to the private sector whose share of investment in GNP decreased from 9.8 percent during 1973-1977 to 7.4 percent in 1982. The stabilization programme, which brought low aggregate demand a credit squeeze and lower profitability, affected private fixed capital investment unfavourably by forcing it down to the unprecedented low levels of 6.9 and 7.4 percent of GNP for the first two consecutive years of the stabilization period, 1981-1982.

Public fixed capital investment, on the other hand, increased gradually as a percentage of GNP, from an average of 9.9 percent for the period 1973-1977 to 11.5 percent in 1982. This was due to two factors: the lack of sensitivity of public investment to the fluctuations in economic activity and to the conscious increase in public investment to make up for the deficiencies in private investment.

The share of public consumption was reduced to 10.9 percent of GNP in 1982, a share contrast to the 12.2 percent average for the period 1973-1977. The decrease became obvious in 1981 and continued in 1982. This timing is self explanatory as the stabilization measures were enacted after the Budget for 1980 had been drawn up.

Private consumption, after having considerably decreased during the crisis in 1978 and 1979, attained a relatively high level in 1981 and 1982, equal, indeed, to 69.4 percent and 68.9 percent respectively, only marginally below the average for the period 1973-1977 (69.6 percent).

The Domestic Savings/GNP ratio, which was 18.2 percent for the period of 1973-1977, increased to 19.7 percent and 19.9 percent in 1980 and 1981, respectively. Although this ratio further increased, to 20.2 percent in 1982, it is still lower than that attained in 1979, 22.5%.

Public savings, which had been greatly reduced in 1980, to 5.2 percent of GNP, were expanded to the high level of 8.6 percent of GNP in 1981, but this rate could not be sustained in 1982, when public savings dropped to 8.31 percent.

Private savings, on the other hand, after having stagnated for the previous ten years at around 10 percent of GNP, soared in 1980 to 14.4 percent of GNP and stabilized at around 11.5 percent in 1981 and 1982.

When contrasted with the recent past, domestic savings during the post-stabilization years show a development departing seriously from the previous trend. For the most part, total domestic savings amounted to 17.6 percent of GNP, whilst the average for the last three years is an impressively high 19.9 percent. The contrast is not so obvious for total savings which averaged 20.1 percent of GNP.

in 1974-1979 and only 21.5 for 1982. The difference is explained by the much lower foreign deficit.

		<u>Pr.D.I.</u> GNP	<u>Pr.S.</u> Pr.D.I.	<u>Pr.S.</u> GNP
Private Sector	1963/67	0.812	0.105	0.085
	1968/73	0.794	0.126	0.100
	1974/79	0.807	0.112	0.104
	1980	0.825	0.175	0.144
	1981	0.807	0.160	0.113
	1982	0.807	0.147	0.119
		<u>Pu.D.I.</u> GNP	<u>Pu.S.</u> Pu.D.I.	<u>Pu.S.</u> GNP
Public Sector	1963/67	0.188	0.379	0.071
	1968/73	0.206	0.418	0.086
	1974/79	0.193	0.374	0.072
	1980	0.175	0.300	0.052
	1981	0.192	0.446	0.086
	1982	0.192	0.432	0.083
		<u>Dom.S.</u> GNP	<u>For.S.</u> GNP	<u>Tot.S.</u> GNP
Domestic Economy	1963/67	0.156	-	0.156
	1968/73	0.186	0.006	0.192
	1974/79	0.176	0.025	0.201
	1980	0.197	0.055	0.252
	1981	0.199	0.035	0.234
	1982	0.202	0.013	0.215

Pr.D.I. : Private Disposable Income  
 Pr.S. : Private Savings  
 Pu.D.I. : Public Disposable Income  
 Pu.S. : Public Savings  
 Dom.S. : Domestic Savings  
 For.S. : Foreign Savings  
 Tot.S. : Total Savings

According to State Planning Organization, in 1982, in real terms, private fixed capital investment is supposed to have increased at 4 percent, much more rapidly than public fixed capital investment, for which the rate of increase is given as only 2.3 percent.



Disposable income has increased at more or less the same rate as GNP: 4.3 percent for the public sector, 4.4 percent for the private sector.

Private consumption increased by 3.1, public consumption by 2.7 percent.

In real terms, total savings increased by 9.9 percent in 1982. The increase was more pronounced in the private sector, whose savings increased by 12.4 percent, whilst public sector savings increased by 6.5 percent. Public sector savings accounted for 41.2 percent of the total.

#### SAVINGS - INVESTMENT EQUILIBRIUM

	1981		1982*	% Change	
	at current prices	at 1982 prices		at current prices	at constant prices
Total Investment	1,572.6	2,000.4	1,872.8	19.1	- 6.4
Fixed Investment	1,250.9	1,592.3	1,640.0	31.1	3.0
Public	761.2	970.5	993.3	30.5	2.3
Private	489.7	621.8	646.7	32.1	4.0
Change in inventories	321.7	408.1	232.8	-27.6	-43.0
Total Savings	1,572.6	2,000.4	1,872.8	19.1	- 6.4
Total Domestic Sav.	1,342.0	1,597.9	1,756.4	30.9	9.9
Public	564.1	679.0	723.3	28.2	6.5
Private	777.9	918.9	1,033.1	32.5	12.4
Foreign Savings	230.6	402.5	116.4	-49.5	-71.1

Source: SPO

\*Provisional

As high-cost import substitution, aggravated by inefficiency in the public enterprises, productivity of investment declined. These inefficiencies did not become apparent until 1977 because high rates of economic growth were maintained by raising investment's share of the gross domestic product.

### 3. INVESTMENT

The factors affecting the propensity to invest in recent years have included:

The high cost of crude petroleum, combined with rising volumes of imported petroleum considerably reduced all non-oil imports, including imports of investment goods.

Inflation, with the daily adjustment of foreign exchange rates prevented the accumulation of resources by importers of investment goods, and thus considerably reduced the attractiveness of importing capital equipment.

Inadequate internal financial resources and the high cost and limited availability of loan funds, unfavourably affected the private sector's propensity to invest.

The inadequacy of domestic demand and the low use of existing production capacities meant less interest in investment in new projects.

The restructuring required for the reorientation to exports necessitated a large number of complementary and supplementary investments. Entrepreneurs either postponed such investments or ignored them altogether.

The absence of an organised capital market negatively affected the private sector's propensity to invest.

The rising cost of money forced investors in the private as well as in the public sector to take greater care in the evaluation of new projects.

Attempts to rationalize the public sector as a whole necessitated the revision of public sector investment plans: this resulted in the elimination of some investment projects and the postponement of some others; greater emphasis was placed on infrastructure and less on productive investment.

Together, these and other factors resulted in the share of fixed capital investment in GNP falling considerably during the past three years from 21.8 percent in 1979 to 19.5 percent in 1980, 19.1 percent in 1981 and only 18.0 percent in 1982.

With the decrease in investment as a percentage of GNP to around 19 percent and with the incremental capital output ratio (ICOR) rising to around 4, it does not seem possible to exceed a growth rate of 4.75 percent in the short run. However, it will be possible to increase the growth rate in the medium-term, if more investments in additional productivity are implemented without undue delay.

GROSS FIXED DOMESTIC CAPITAL  
FORMATION AS PERCENTAGE OF GNP  
(at current prices) (Billion TL)

	G.N.P.	Gross Domestic Capital Formation	% Share
1968/72			17.8
1973/77			19.8
1978/82			20.0
1978	1,291.0	280.0	21.7
1979	2,200.0	479.0	21.8
1980	4,435.1	864.0	19.5
1981	6,553.9	1,250.9	19.1
1982	8,714.5	1,569.4	18.0

Source; State Planning Organisation

The relative share of private fixed capital investment as a percentage of GNP, fell to 6.9 percent in 1981 and to 7.4 percent in 1982, as compared to an average of 9.5 percent for the immediately previous period, 1973-1980.

The decrease is also reflected in the relative share of private sector fixed capital investment as a percentage of the national total; decreased to 39.1 percent in 1981 and to 41.2 percent in 1982, as compared to an average of around 50 percent during the period 1973-1980

RELATIVE SHARES OF PUBLIC AND PRIVATE SECTORS  
IN TOTAL FIXED CAPITAL INVESTMENT

(Billion TL.)

	Total Fixed Investments	Public Fixed Inv. TL	%	Private Fixed Inv. TL.	%
1973	53.4	25.1	46.9	29.3	53.1
1974	73.0	35.0	48.0	38.0	52.0
1975	106.7	53.8	50.4	52.9	49.6
1976	146.0	75.2	51.5	70.8	48.5
1977	195.0	108.0	55.4	87.0	44.6
1978	280.0	135.0	48.2	145.0	51.8
1979	479.0	238.0	49.7	241.0	50.3
1980	864.0	482.0	55.8	382.0	44.2
1981	1,250.9	761.2	60.9	489.7	39.1
1982	1,569.4	922.7	58.8	646.7	41.2

In spite of the relative increase in public fixed capital investment during the past three years, the public sector's investment-savings gap fell during this period from 6.7 percent of GNP in 1980 to 4.3 percent in 1982.

FINANCING OF PUBLIC SECTOR'S INVESTMENTS

(Billion TL.)

	1980	1981	1982
Public Savings	233.7	564.1	723.3
Public Investment	530.0	977.9	1,096.1
Public Investment Saving Gap.	297.6	413.8	372.8
Gap/GNP	6.7	6.3	4.3

SECTORAL DISTRIBUTION OF  
FIXED CAPITAL INVESTMENTS

(Percentage)

	1975	1976	1977	1978	1979	1980	1981	1982
Agriculture	10.3	13.7	12.7	11.1	8.5	7.5	10.5	11.6
Mining	3.3	4.0	3.8	4.4	5.4	4.5	6.1	5.8
Manufacturing	30.2	26.1	24.8	23.7	22.5	27.1	26.2	22.7
Energy	6.5	7.8	8.0	9.7	11.4	13.9	14.7	14.2
Transportation	20.7	21.3	23.3	23.8	19.8	15.5	19.5	20.8
Tourism	0.9	0.8	0.8	0.9	0.8	0.5	0.6	0.8
Housing	18.0	15.7	16.0	17.3	20.7	22.8	13.0	12.9
Education	3.3	3.6	2.8	2.6	2.0	2.1	2.5	2.6
Health	1.1	1.2	1.0	1.2	1.2	0.9	1.2	1.3
Other Services	5.7	5.8	6.8	5.3	7.7	5.2	5.7	7.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

FIXED CAPITAL INVESTMENT  
(Percentage Distribution)

	Public		Private		Total	
	1981	1982	1981	1982	1981	1982
Agriculture	9.5	11.0	12.0	12.6	10.5	11.6
Mining	9.6	9.3	0.7	0.7	6.1	5.8
Manufacturing	24.3	18.8	29.0	28.3	26.2	22.7
Energy	28.8	23.7	0.7	0.7	14.7	14.2
Transportation	17.7	18.9	22.3	23.5	19.5	20.8
Tourism	0.5	0.8	0.8	0.9	0.6	0.8
Housing	2.3	2.1	29.7	28.3	13.0	12.9
Education	3.9	4.3	0.2	0.2	2.5	2.6
Health	1.9	2.1	0.2	0.2	1.2	1.3
Other Services	6.5	9.1	4.5	4.5	5.7	7.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

FIXED CAPITAL INVESTMENTS  
(At current prices)

(Million TL.)

	1 9 8 1			1 9 8 2*			1 9 8 1***		
	Public	Private	Total	Public**	Private	Total	Public	Private	Total
Agriculture	72,674	58,600	131,274	101,211	81,500	182,711	91,569	75,465	167,034
Mining	73,159	3,500	76,659	85,867	4,750	90,617	94,440	4,518	98,958
Manufacturing	185,248	141,960	327,208	173,075	183,100	356,175	236,210	181,013	417,223
Energy	180,933	3,350	184,283	218,567	4,800	223,367	231,377	4,284	235,661
Transportation	134,552	109,000	243,552	174,250	152,000	326,250	170,585	139,160	309,745
Tourism	3,741	3,750	7,491	7,739	5,500	13,239	4,767	4,778	9,545
Housing	17,204	145,269	162,473	18,958	183,000	201,958	21,488	181,441	202,929
Education	30,056	1,100	31,156	39,561	1,470	41,031	38,823	1,421	40,244
Health	14,183	1,200	15,383	19,229	1,580	20,809	18,029	1,525	19,554
Other Services	49,427	22,000	71,427	84,261	29,000	113,261	63,266	28,160	91,426
Total	761,177	489,729	1,250,906	922,718	646,700	1,569,418	970,554	621,765	1,592,319

Source: State Planning Organisation

\*Estimate

\*\*Program

\*\*\*At 1982 prices

The sectoral distribution of fixed capital investment in 1982 shows the following changes as compared to the previous year.

The public sector gave greater emphasis to Agriculture and much less to Manufacturing, whilst Energy, Transportation, Tourism, Housing, Education and Health retained approximately the same share.

The private sector gave more emphasis in both 1981 and 1982 to Agriculture, and Transportation. There was, as could be expected, a decline in residential construction. Housing investment's share of total private sector investment decreased from 29.7 percent in 1981 to 28.3 percent in 1982.

As a result of these developments in the private and public sectors, in most cases for different motives, Agriculture, Transportation are attracting more investment in relative terms whilst Manufacturing, Mining, Energy and Housing are attracting less.

Private investment in housing has recently shown wide fluctuations and these are affecting not only the Construction Sector but all the other segments of the economy which provide inputs to the Construction Sector.

PRIVATE INVESTMENT  
IN HOUSING

	Investment In Housing (Million TL)	GNP (Billion TL)	Investment in Housing as per cent- age of GNP
1972	7.125	240.8	2.96
1973	9.360	309.8	3.02
1974	11.622	427.1	2.72
1975	17.800	535.8	3.32
1976	21.352	670.0	3.19
1977	29.400	870.2	3.38
1978	67.748	1.288.7	5.26
1979	134.491	2.199.7	6.11
1980	186.777	4.435.1	4.21
1981	145.269	6.553.9	2.22
1982 <sup>1</sup>	183.000	8.714.5	2.09
1983 <sup>2</sup>	230.500	10,932.0	2.11

<sup>1</sup>Estimate

<sup>2</sup>Programme

Private investment in Housing amounted to around 3 percent of GNP during the period of relatively high GNP growth, with relatively few deviations from this average. There was an abrupt increase during the crisis years 1978-1979, during which the GNP growth rate decreased considerably and became negative in 1979. Partly as a result of the decrease in the denominator and partly due to the upsurge in the demand for real estate as a result of the increase in inflation to 52.6 percent in 1978 and to 63.9 percent in 1979, the rate of housing investment as a percentage of GNP increased to 5.3 percent in 1978 and to 6.1 percent in 1979. The rate continued high in 1980, with an average of 4.2 percent of GNP, mainly thanks to the investments already in the pipeline but also as a result of the negative change of GNP which was equal to 1.1 percent.

Private investment in housing dropped below its trend value of 3 percent to 2.2 percent in 1981, and according to preliminary estimates for investment realisation, it remained at 2.09 percent in 1982. Forecasts for 1983 prepared by the State Planning Organisation and presented in the Annual Development Programme give the rate of Housing investment as 2.1 percent of GNP.

#### Sectoral Distribution of Investment Incentive Certificates in 1982:

In all, 1469 investment incentive certificates were issued in 1982. A large number of these were related to transportation (641), to livestock (186), to transport vehicles (99), the food and beverages (89), to textiles and clothing (84) and to mining (48).

These authorisations involved a total investment of TL 513.3 bn., including \$ 1.3 bn in foreign exchange and representing \$ 4.6 bn. of export commitments for a period of 5 years, or an average of \$ 900 mn per annum.

Of the total 1289 projects are new investments 106 are expansions, whilst the other 74 are distributed between completions, modernizations, the elimination of bottlenecks, renewals, quality improvements and the integration of facilities.

Investment incentive certificates represent a propensity to invest rather than full realisation of investment and the motivation behind some of these projects may be the extra advantages provided by such certificates.

As a matter of fact many of the Incentive Certificates which are issued are either not used at all or are not used until some considerable time has passed. Many entrepreneurs use their certificates as a means of interesting would be shareholders and lenders in their projects.

SECTORAL DISTRIBUTION OF INVESTMENT  
INCENTIVE CERTIFICATES IN 1982

	Number	Total Investment (mn TL)	Foreign Exchange Requirement (000 \$)	Export Commit- ment over 5 years (000 \$)
Agriculture	200	24,251	7,515	44,000
Crops	13	2,609	1,938	-
Livestock	186	21,322	5,489	44,000
Fisheries	1	320	88	-
Forestry	-	-	-	-
Mining	48	14,069	38,543	76,375
Manufacturing	428	210,409	420,071	1,756,953
Food & Beverages	89	18,925	19,208	543,250
Textile & Clot.	84	40,408	98,062	502,003
Forestry Prod.	9	3,012	7,901	60,250
Paper	8	8,569	20,310	56,000
Leather & Hide	8	943	1,411	84,250
Rubber & Plastics	2	466	934	16,250
Chemicals	22	28,044	59,897	31,650
Glass	4	1,708	2,620	11,050
Iron & Steel	8	5,610	8,583	30,025
Non-ferrous Met.	2	339	550	-
Transport				
Vehicles	99	51,945	126,253	188,650
Metal Goods	17	3,832	7,928	75,750
Measuring				
Devices	10	1,104	2,654	2,500
Machinery	17	6,588	12,576	18,500
Electrical				
Machinery	9	5,027	16,844	25,500
Electronics	4	5,332	13,244	3,750
Cement	5	2,407	3,900	20,000
Clay & Cement				
Products	16	3,919	3,977	20,575
Ceramics	3	701	2,586	11,250
Others	12	21,530	10,633	51,750
Energy	8	976	657	-
Services	748	250,240	832,008	2,289,500
Transportation	641	214,906	770,328	2,055,250
Tourism	17	8,659	9,047	8,750
Trade	30	6,709	10,893	155,500
Others	60	19,966	41,740	70,000
Export Encouragement	37	13,353	25,069	425,670
Total	1,469	513,298	1,323,863	4,592,498

DISTRIBUTION OF INVESTMENT INCENTIVE CERTIFICATES  
ACCORDING TO THEIR APPLICATION IN 1982

	Number	Total Investment (Mil. TL.)	Foreign Exchange Requirement (1000 \$)	Export Commitment Over 5 Years (1000 \$)
New Investments	1239	409,289	1,049,470	3,702,945
Expansion	106	33,976	90,038	423,575
Completion	23	3,943	7,642	59,250
Modernization	21	4,189	10,495	46,190
Elimination of Bottlenecks	25	9,478	21,015	129,400
Renewal	29	35,314	92,232	60,368
Quality Improvement	14	13,309	17,751	59,930
Integration of Facilities	12	3,800	5,220	110,840
Total	1469	513,298	1,323,863	4,592,498

Construction

New construction as determined by occupancy permits, shows a similar trend, averaging around 3.5 percent of GNP up to 1980 but falling to 2.5 percent in 1981 and 1982.

New construction according to construction licences issued shows an 8 percent share of GNP in 1979, dropping to 3.2 percent in 1981 and to 3.3 percent in 1982.

The floor area for which new construction licences were issued increased by 9.5 percent last year, from 19.9 million m<sup>2</sup> to 21.8 million m<sup>2</sup>. It would seem that building intentions, which diminished in 1980 and 1981, increased again in 1982.

The average size of apartment dwelling units appears to have increased from 105 m<sup>2</sup> in January 1982 to 113 m<sup>2</sup> in January 1983 indicating a shift to rather larger dwelling units. At the same time average apartment values increased from TL 1.3 million to 2.3 TL. million in twelve months.

NEW CONSTRUCTION

	Occupancy Construction		GNP	(Billion TL.)	
	Permits Billion TL.	Liencs Billion TL.		Permits % of GNP	Liencs % of GNP
1977	18.8	40.3	870.2	2.2	4.6
1978	44.7	92.7	1288.7	3.5	7.2
1979	80.3	176.7	2199.7	3.6	8.0
1980	145.3	249.5	4435.1	3.3	5.6
1981	166.4	209.3	6553.9	2.5	3.2
1982	214.6	290.5	8714.9	2.4	3.3

Source: SIS



NEW CONSTRUCTION  
(Construction Licences Issued)

	Million TL.	1000 m <sup>2</sup>	Chain Index	Cost per m <sup>2</sup> (TL)	Chain Index
1969	6,987.3	17,158.7	-	388	-
1970	8,120.2	19,741.7	109.75	411	105.93
1971	7,171.4	16,909.5	85.65	424	103.16
1972	8,686.4	19,230.9	113.73	452	106.60
1973	13,351.1	24,485.0	127.32	545	120.57
1974	15,136.0	20,347.6	83.10	744	136.51
1975	23,669.1	23,337.5	114.69	1,014	136.29
1976	32,682.9	29,618.7	126.91	1,103	108.78
1977	40,339.0	28,972.6	97.82	1,392	126.20
1978	92,729.1	32,237.3	111.27	2,876	206.61
1979	176,700.8	34,080.0	105.71	5,185	180.28
1980	249,539.7	28,422.4	83.39	8,780	167.33
1981	209,336.5	19,884.3	69.96	10,528	119.91
1982*	290,529.8	21,818.3	109.73	13,316	126.48

\*Provisional

NEW CONSTRUCTION  
(According to Occupancy Permits)

	Million TL.	1000 m <sup>2</sup>	Chain Index	Cost per m <sup>2</sup> (TL)	Chain Index
1969	2,782.6	8,023.3	-	347	-
1970	3,004.6	8,092.8	100.87	371	106.92
1971	3,308.3	8,068.7	99.70	410	110.51
1972	4,247.8	9,676.3	119.92	439	107.07
1973	5,598.1	10,879.8	112.44	515	117.31
1974	7,318.1	9,809.3	90.16	746	144.85
1975	11,648.0	11,551.4	117.76	1,008	135.12
1976	13,306.2	12,273.6	106.25	1,084	107.54
1977	18,818.6	14,158.6	115.36	1,329	122.60
1978	44,643.2	14,934.1	105.47	2,991	225.06
1979	80,261.5	15,635.9	104.70	5,133	176.61
1980	145,303.5	17,835.1	111.19	8,358	162.83
1981	166,449.9	15,469.9	88.98	10,760	128.74
1982*	214,192.9	16,182.5	104.60	13,236	123.01

\*Provisional

#### 4. PUBLIC FINANCE

##### Fiscal Year 1982 Budget

The fiscal year 1982, which began on March 1, ran for only 10 months, to allow for the synchronisation of the fiscal and calendar years as from 1983.

The ten months' Budget for 1982 was prepared after taking into full account Turkey's economic and social problems and it contained various fiscal measures which are intended to solve remaining problems. It also aimed at achieving a 4.4 percent GNP growth rate, at reducing the inflation rate, at activating all available domestic resources and at improving civil servants' financial situation. Since the 1982 Budget was for only a ten months' period, a direct comparison cannot be made with that for 1981.

##### CONSOLIDATED BUDGET 1982 FISCAL YEAR BILL AND REALIZATION

(In Billion TL.)

	1982 Budget Bill	1982 Realization	Realization Rate % <sup>2</sup>
TOTAL REVENUES	1804.7	1552.3	86.0
1) General Budget Revenue	1715.6	1517.5	88.5
Tax Revenue	1449.1	1302.4	89.9
Non-tax Normal Revenue	146.5	109.9	75.1
Special Revenue and Funds and Domestic borrowing	185.0	105.2	56.9
2) Annexed Budget Revenue	24.0	34.8	145.0
TOTAL EXPENDITURES	1804.7	1658.1	91.9
Current Expenditure	863.9	700.1	81.0
Investment Expenditure	387.4	351.6	90.8
Transfer Expenditure	553.4	606.4 <sup>1</sup>	109.6
DEFICIT	-	105.7	

<sup>1</sup>Transfer Expenditure + Special Expenditure

<sup>2</sup>Realization/Budget Bill

Revenues, which had been estimated at TL 1,804.7 bn. in 1982 Budget, were realized at around TL 1,552 bn or at 86.0 percent of the amount originally expected. The highest realization rates were achieved in Tax Revenues (89.9 percent), followed by normal non-tax revenues (75.1 percent). The realization rate for total expenditure was 91.9 percent.

GENERAL, ANNEXED AND CONSOLIDATED BUDGETS

(Million TL.)

	General* Budget (1)	Annexed Budgets (2)	Treasury Subsidy (3)	Annexed Budget (4)=(2) - (3)	Consolidated Budget (5)=(1) + (4)
1978					
Expenditure	342,346	57,519	53,842	3,677	346,023
Revenue	320,757	58,293	53,421	4,872	325,629
Balance	-21,589	774	- 421	-1,195	-20,394
1979					
Expenditure	604,636	80,755	77,171	3,584	608,220
Revenue	546,112	85,326	75,285	10,041	556,153
Balance	-58,524	4,571	- 1,886	6,457	-52,067
1980					
Expenditure	1,077,862	145,863	144,806	1,057	1,078,919
Revenue	943,127	143,014	128,978	14,036	957,163
Balance	-134,735	- 2,849	-15,828	12,979	-121,756
1981					
Expenditure	1,521,383	254,202	237,187	17,015	1,538,407
Revenue	1,480,801	247,490	222,779	24,711	1,505,032
Balance	-41,062	- 6,712	-14,408	7,696	-33,375
1982					
Expenditure	1,633,655	268,450	-	-	1,658,065
Revenue	1,517,500	272,832	237,991	34,841	1,552,341
Balance	- 116,155	+ 4,382	-	-	- 105,724

BUDGET REVENUES AND  
EXPENDITURES

(In Billion TL.)

	1981	1982
TOTAL REVENUES	1.505.0	1.552.3
1) General Budget Revenue	1.480.3	1.517.5
- Tax Revenue	1.189.0	1.302.4
- Non tax Normal Revenue	136.0	109.9
- Special Revenue and funds and Domestic Borrowing	155.3	105.2
2) Annexed Budget Revenue	24.7	34.8
TOTAL EXPENDITURES	1.538.4	1.658.1
Current Expenditure	617.7	700.1
Investment Expenditure	329.4	351.6
Transfer Expenditure	590.0	604.8
Special Expenditure	1.3	1.6
DEFICIT	33.4	105.7

TAX BURDEN  
(1975 - 1981)

(In Billion TL.)

Year	GNP	Percentage Change	Tax Revenue	Percentage Change	Tax Burden Percentage of GNP
1975	535.8	25.4	95.0	45.8	17.7
1976	675.0	26.0	127.1	33.7	19.0
1977	872.9	29.3	168.2	32.4	19.3
1978	1,290.7	47.9	246.4	46.5	19.1
1979	2,199.5	70.4	405.5	64.5	18.4
1980	4,435.2	101.6	749.1	84.7	16.9
1981	6,553.9	47.8	1,189.0	58.6	18.1
1982	8,714.5	33.0	1,302.4 <sup>1</sup>	9.5	14.9
1982	8,714.5	38.0	1,562.9 <sup>2</sup>	31.4	17.9

1 10 Months

2 12 Months tax revenue calculated on basis of 10 months data.

TAX BURDEN  
Three-Yearly Averages

1963-1965	13.0 percent	1972-1974	16.1 percent
1966-1968	14.2 percent	1975-1977	18.7 percent
1969-1971	15.4 percent	1978-1980	18.1 percent

Taxes were the main source of Budget revenues in 1982 and 85.8 percent of General Budget revenues came from this source. Non-tax normal revenues and special revenues and funds provided the remainder of the General Budget revenues. The TL 700.1 bn appropriated for investment in 1982 was allocated according to specific criteria: top priority was given to the energy sector, followed by the projects already initiated but unfinished and projects with export potential. Whilst transfer expenditure took up 36.5 percent of total expenditure, or TL 606.4 bn, current expenditure amounting to TL 700 bn was the largest item on the expenditure side.

FINANCING OF THE CONSOLIDATED BUDGET

(Million TL.)

	Fiscal Year 1982	Fiscal Year 1981	Change Million TL.	%
TOTAL RESOURCES	1,498,075	1,447,141	50,934	- 3.52
1) Revenues	1,498,075	1,447,141	50,934	- 3.52
Tax Revenues	1,304,157	1,189,384	114,773	9.65
Non-Tax Normal Revenues	131,498	151,775	-20,277	-13.36
Special Revenues & Funds	62,420	105,982	-43,562	-41.10
TOTAL APPROPRIATIONS	1,706,253	1,472,044	234,209	15.91
2) Transfers from the previous year's expenditures	18,394	19,937	- 1,543	- 7.74
3) Expenditure	1,658,065	1,538,407	119,658	7.78
Current Expenditure	700,095	617,754	82,341	13.33
Investment Expenditure	351,616	329,391	22,225	6.75
Capital & Private Exp.	606,354	591,262	15,092	2.55
4) Advances	123,011	25,219	97,792	387.77
5) Delayed Payments	-93,217	-111,519	18,302	16.41
TREASURY FINANCING	202,399	61,483	140,916	229.20
6) Domestic Borrowing	54,266	22,576	31,690	140.37
7) Central Bank Advances	32,416	38,635	- 6,219	16.10
8) Treasury Bonds	74,461	35,315	39,146	110.85
9) Other Trusts	35,035	203,579	-168,544	-82.79
10) Change in Cash Position	6,221	-238,622	244,843	102.61
NET ERROR	- 5,779	36,580	- 42,359	-115.80

The State Economic Enterprises

It will be seen that the financing requirements of the operational SEE's have continued to increase in absolute terms, from TL 434.7 bn in 1981 to TL 469.2 bn in 1982. As a percentage of GDP, however, their financing requirements decreased from 6.8 percent in 1981 to 5.5 percent in 1982. In both 1981 and 1982, the most important source of financing was budgetary transfers and these accounted for 61.1% of the total financing requirement in 1981 and for 51.7% in 1982.

In 1982, 22.8 percent of the total financing required was met through Foreign Project Credits. This ratio was 18.3 percent in 1981.

SEEs INVESTMENTS AS A PERCENTAGE OF  
TOTAL AND PUBLIC INVESTMENTS

	Percentage of Total Investments	Percentage of Public Investments
1963/67	15.9	34.8
1968/72	20.6	43.8
1973/77	23.4	50.0
1978	21.1	44.8
1979	27.0	54.1
1980	32.6	58.3
1981	32.7	53.8
1982	31.5	53.6

# FINANCING REQUIREMENTS OF THE STATE ECONOMIC ENTERPRISES

	1981	1982 (Estimate)
Surplus/Deficit	-25.4	-25.8
Investments	409.3	495.0
Financing Required	434.7	469.2
Sources of Financing		
Budget	265.5	242.5
State Investment Bank	15.9	34.3
Foreign Project Credits	79.5	107.0
Support and Price Stabilization Fund	73.8	67.0
Other	-	18.4
Financing Requirement/ GNP (%)	6.8	5.5

The net aggregate pre-tax (after the Treasury subsidy is deducted) loss of 35 operational SEE's was substantially reduced in 1980 as compared with 1979 and, beginning from 1981, there was a swing to profit.

There was actually a fall of 0.2 percent in the number of persons employed by the SEE's in 1980. However, total employment in operational SEE's increased by 5.0 percent and rose to 548,288 persons in 1982. Total employment was 548,436 persons in 1979.

## PROFIT AND LOSS ACCOUNTS OF THE SEE'S

(Million TL.)

	1981	1982 (Provisional)
Total Profit	117,574	139,806
Less Treasury Subsidy	110,492	-91,523
Real Profit/Loss	7,082	48,283

## EMPLOYMENT IN THE OPERATIONAL SEE'S

	1979	%	1980	%	1981	%	1982	%
Administrative Staff and Technical Personnel	159.963	1.0	160.735	-0.5	154.567	-5.0	157.406	1.8
Workers	388.473	3.2	386.636	0.5	367.400	3.8	390.882	6.4
Total	548.436	2.5	547.371	-0.2	521.967	4.6	548.288	5.0

SEE'S EXPORT-IMPORT  
TRADE

	1981	1982 (Jan-June)	(thousand \$) 1982 (Yearend Estimate)
Export	919.736	444.225	1.441.449
Merchandise	439.030	311.827	917.756
Service	480.706	132.398	523.693
Import	4.542.868	2.005.063	4.493.104
Production Materials	4.279.324	1.906.671	4.090.026
Investment Goods	263.544	98.392	403.078

In 1981, 50.8 percent of all imports and 19.6 percent of all exports were realized by the SEE's. It is estimated that in 1982 the SEE's imports and exports increased to 51.4 percent and 25 percent, respectively.

SEE's CONTRIBUTION TO GDP

(Million TL.)						
At Current Prices				At 1968 Prices		
	GDP	SEE	%	GDP	SEE	%
1977	862,967	88,808	10.3	201,577	24,012	12.0
1978	1,274,780	136,729	10.7	207,314	26,056	12.6
1979	2,155,894	232,878	10.8	205,487	24,709	12.0
1980	4,327,964	474,286	11.0	203,956	23,274	11.4
1981	6,415,500	706,769	11.0	212,909	22,724	10.7

SEE's SHARE OF VALUE ADDED IN INDUSTRY

(Million TL.)						
At Current Prices				At 1968 Prices		
	Total Industry	SEE	%	Total Industry	SEE	%
1977	164,085	48,728	29.7	44,577	13,577	30.5
1978	281,285	75,412	26.8	47,492	14,842	31.2
1979	491,395	135,351	27.5	44,975	14,645	32.6
1980	1,050,936	257,620	24.5	42,462	11,696	27.5
1981	1,620,917	365,334	22.5	45,437	10,647	23.4

At constant prices, the State Economic Enterprises' contribution to GDP fell from 12.6 percent in 1978 to 10.7 percent in 1981. The SEE's provided 32.6 percent of value added in industry in 1979 but this share dropped to 23.4% in 1981.

## 5. PRODUCTION

### Agricultural Production

Agricultural production is estimated to have increased by 6.4 percent in 1982.

### AGRICULTURAL PRODUCTION

(Thousand Tonnes)

	1979	% Change	1980	% Change	1981	% Change	1982 (1)	% Change
Wheat	17,500	+ 4.8	16,500	- 5.7	17,000	+ 3.0	17,500	+ 2.9
Barley	5,240	+10.3	5,300	- 1.1	5,900	+11.3	6,400	+ 8.5
Rice	225	+18.4	143	-36.5	198	+38.5	210	+ 6.1
Pulses	762	+ 4.5	732	- 3.9	805	+10.0	1,222	+51.8
Cotton	476	+ 0.2	500	+ 5.0	488	- 2.4	469	- 3.9
Tobacco	206	-27.3	234	+13.6	168	-28.2	210	+25.0
Sugar Beet	8,760	- 0.9	6,766	-22.8	11,000	+62.6	730	+15.7
Potatoes	2,870	+ 4.4	3,000	+ 4.5	3,000	-	3,000	-
Sunflower Seed	590	+21.6	750	+27.1	575	23.3	600	+ 4.4
Cotton Seed	762	-	800	+ 4.2	781	2.4	751	- 3.8
Groundnuts	58	+11.5	41	-29.3	50	+21.9	50	-
Peaches	220	- 4.3	240	+ 9.1	265	+10.4	265	-
Apples	1,350	+22.7	1,430	+ 5.9	1,450	+ 1.4	1,600	+10.3
Citrus fruits	1,067	-	1,058	+ 8.5	1,170	+ 1.0	1,235	+ 5.6
Hazelnuts	300	- 3.2	250	-16.7	350	+40.0	220	-37.1
Olives	430	-	1,350	+213.9	400	-70.4	1,320	+230.0
Figs	200	+ 8.1	205	+ 2.5	250	+21.9	280	+120
Tea(Green)	555	+23.6	476	-14.2	192	-60.0	303	+57.8
Vegetables	12,576	-	11,990	- 4.6	12,173	+ 1.5	12,401	+ 1.9

Source: Central Bank of Turkey, Annual Report 1982

(1) Provisional.

### Industrial Production

Industrial production increased by 6.3 percent in 1982, following an increase of 9.1 percent in 1981 and a decline of 2.9 percent in 1980. The 1981 improvement resulted from an easing of supply shortages following the increased availability of foreign exchange and the settlement of labour disputes. This trend continued in 1982, but at a slower rate, partially because of the anti-inflationary policies still in force.



The table below shows the output of industrial products for a period of six years three years of crisis and three years of recovery. When comparing the 1982 production figures, in many cases it is to be noted that production could not catch up with the peaks attained during the preceding five years. In mining, hard coal, chromite, crude oil, colemanite, wolfram concentrate, phosphate alumina and aluminium are in absolute figures still behind the records they attained in the previous five years. The only positive accomplishments in this sector are in lignite, sulphur and copper concentrates.

In food production, tea and meat are lagging behind and pasteurized milk and sugar production are rising. In tobacco and beverages, non filter cigarettes, raki, vodka, beer and wine lag behind, with only filter cigarettes having exceeded past records.

In the textiles and leather sector, 1982 production was higher as compared to the preceding five years in the case of cotton yarn, cotton textiles and woollen yarn but lower in so far as woollen textiles, hand-made and machine-made carpets and shoes were concerned.

Whilst inner tube production reached its maximum level in 1982, car, truck and tractor tyre production, were below the maximum volumes previously attained during this period. Paper production is now moving up satisfactorily.

In the Chemicals and Petro-chemicals sector, only boric acid, polyethylene and carbon black achieved higher production levels in 1982 but output of borax, salt, PVC, synthetic rubber and polystyrene lagged behind.

In the case of petroleum products, gasoline output failed to reach earlier levels, whilst diesel oil and fuel oil production increased considerably.

Cement production was higher in 1982 than in any of the previous five years.

All fertilizers and auxiliary production in 1982 was higher than the maximums in this six years period. This section covers ammonia, sulphuric acid, phosphoric acid and nitrate and phosphate fertilizers.

With the exception of molten steel, iron and steel production was at its highest point in 1982.

Non-ferrous metals lagged behind in 1982 and blister copper and ferro-chrome failed to match their previous records.

Production of tractors, busses and minibuses was higher in 1982, but many less trucks, vans and cars were produced.

In summary, by 1982 the output of a large number of industrial products had still not picked up and it lagged behind previous production records; progress was nonetheless made in the case of some products. The industrial sector's readjustment to the changing structure of demand and to market conditions continues to affect the level of production of a large number of products.

The same conclusion is to be reached when comparing the 1982 production figures with those of the immediately preceding year. Out of 63 industrial products listed only 38 achieved increases in production in 1982. Production of 23 products decreased whilst data on production of two products is not yet available.

OUTPUT OF SOME INDUSTRIAL PRODUCTS

(1000 tonnes)

Commodities		1977	1978	1979	1980	1981	1982*
<b>MINING</b>							
Hard Coal	(T)	4,405.3	4,295.2	4,051.3	3,597.6	3,922.4	3,984.4
Lignite	(K)	8,134.0	9,325.9	12,025.1	14,171.4	14,627.3	15,277.0
Chromite	(K)	227.6	213.9	216.0	182.8	203.4	210.6
Copper Concentres	(K)	145.0	114.9	127.2	102.7	171.5	186.1
Sulphur	(K)	20.0	20.0	21.0	23.0	28.6	30.2
Crude Oil	(T)	2,713.0	2,759.3	2,831.4	2,370.3	2,399.0	2,333.4
Tinkal	(T)	134.7	158.9	192.0	224.0	270.0	275.0
Colemanite	(K)	219.0	312.6	393.9	577.1	572.5	392.2
Wolfram Concentrate(ton)	(T)	-	22.0	257.0	313.0	329.0	322.0
Phosphate	(T)	23.8	21.0	26.2	21.2	42.5	26.3
Alumina	(T)	170.3	74.3	70.2	137.0	131.0	84.0
Aluminium	(T)	567.1	449.1	155.1	546.5	589.7	506.2
Electrical Energy Gwh	(T)	20,564.6	21,726.1	22,521.9	23,275.4	24,672.8	-
<b>MANUFACTURING INDUSTRY</b>							
<b>Food</b>							
- Sugar	(T)	1,079.9	1,090.2	972.5	1,048.6	1,117.0	1,723.0
- Tea	(K)	69.0	76.6	91.8	87.9	44.7	67.0
- Meat	(K)	85.0	80.0	60.0	62.0	83.0	60.0
- Pasteurized Milk	(K)	26.0	16.0	29.0	31.0	27.0	36.0
<b>Tobacco Beverages</b>							
- Filter Cigarette	(T)	29.6	35.4	45.7	37.0	46.0	47.0
- Non Filter	(T)	29.6	21.6	24.7	21.0	25.0	15.0
- Raki (000 lt.)	(T)	45,635.0	42,975.0	40,979.0	48,251.0	42,646.0	38,866.0
- Vodka(000 lt.)	(K)	5,325.0	5,175.0	4,328.0	4,894.0	2,531.0	1,961.0
- Beer (000 lt.)	(K)	54,239.0	53,456.0	38,981.0	36,157.0	35,866.0	43,962.0
- Wine (000 lt.)	(K)	4,911.0	6,802.0	6,248.0	6,490.0	4,743.0	4,247.0
<b>TEXTILES LEATHER</b>							
Cotton Yarn	(K)	37.8	37.6	44.4	41.3	42.3	46.9
Cotton Text. (mn.m)	(K)	178.9	208.8	182.6	188.6	227.3	234.4
Woollen Yarn	(K)	3.7	4.2	3.5	3.4	4.0	4.6
Woollen Text.(mn.m)	(K)	5.9	6.3	6.1	5.0	5.9	6.1
Handmade Carpets(000 m <sup>2</sup> )	(K)	38.7	46.5	76.6	67.0	54.6	45.6
Machinemade Carp(000 m <sup>2</sup> )	(K)	145.7	126.2	112.1	97.2	104.9	119.9
Shoes (000 pairs)	(K)	2,755.0	2,495.0	2,834.0	2,496.0	2,759.0	2,556.0
Paper	(K)	339.3	303.8	301.0	300.0	365.4	398.1
<b>MOTOR VEHICLES(Unit)</b>							
Car Tyres (000)	(T)	1,264.0	1,759.0	1,564.0	1,650.0	1,237.0	1,703.0
Truck Bus Tyres (000)	(T)	908.0	913.0	986.0	1,278.0	1,158.0	1,203.0
Tractor Tyres (000)	(T)	275.0	396.0	395.0	505.0	485.0	461.0
Tubes (000)	(T)	1,533.0	1,726.0	1,767.0	2,092.0	2,097.0	2,358.0

		(1000 tonnes)					
		1977	1978	1979	1980	1981	1982*
<b>CHEMICALS PETROCHEMICALS</b>							
Borax	(T)	33.3	24.1	36.0	36.2	32.3	15.3
Boric Acid	(T)	20.2	17.5	10.0	17.0	22.6	23.3
Salt	(K)	740.0	937.0	945.0	1,179.0	1,396.0	1,111.0
PVC	(K)	40.0	36.0	23.1	29.5	41.2	41.2
Polyethylene	(K)	26.1	20.2	17.0	12.9	19.0	26.8
Carbon Black	(K)	15.8	12.5	14.4	15.9	18.1	19.9
Synthetic Rubber	(T)	0.5	0.3	0.1	1.2	1.4	1.3
Polystyrene	(K)	13.0	7.9	8.9	10.9	12.3	10.2
<b>PETROLEUM PRODUCTS</b>							
Gasoline	(T)	2,381.5	2,025.7	1,860.3	1,897.8	1,923.0	1,948.0
Diesel Oil	(T)	3,382.3	2,494.1	2,421.4	3,105.4	3,518.0	4,576.0
Fuel - Oil	(T)	5,281.1	4,535.2	4,211.5	4,926.8	5,152.0	6,584.0
<b>CEMENT</b>		<b>13,833.0</b>	<b>15,344.0</b>	<b>13,784.0</b>	<b>12,875.0</b>	<b>15,043.0</b>	<b>15,778.0</b>
<b>FERTILIZERS AUXILIARY PRODUCTS</b>							
Ammonia	(T)	88.8	97.4	69.8	57.0	73.1	318.0
Sulphuric Acid	(T)	198.7	193.0	160.7	154.0	264.6	549.0
Nitrate Fertilizers	(T)	361.0**	390.0**	320.0**	1,152.0	2,035.0	1,897.0
Phosphate Fertilizers	(T)	625.0**	521.0**	952.0**	1,723.0	1,893.0	2,485.0
<b>IRON STEEL</b>							
Coke	(K)	1,751.0	1,865.0	2,096.0	1,928.0	1,875.0	2,102.0
Crude Iron	(K)	1,360.0	1,569.0	1,901.0	1,810.0	1,727.0	2,102.0
Molten Steel	(K)	1,397.0	1,628.0	1,789.0	1,700.0	1,531.0	1,646.0
<b>NON FERROUS METALS</b>							
Copper(Blister)	(T)	31.5	26.2	22.2	16.3	27.2	25.3
Molten Aluminium	(T)	48.5	32.3	31.8	33.6	40.0	-
Ferrochrome	(T)	7.8	2.6	9.6	8.3	7.5	5.1
<b>AGRICULTURAL MACHINERY</b>							
Tractors	(T)	31,658.0	8,184.0	12,860.0	12,426.0	22,337.0	34,136.0
<b>MOTOR VEHICLES</b>							
Trucks	(T)	19,487.0	11,413.0	12,031.0	7,584.0	10,095.0	12,240.0
Vans	(T)	12,972.0	7,151.0	9,019.0	7,819.0	5,568.0	4,620.0
Cars	(T)	58,252.0	53,983.0	43,745.0	29,114.0	25,302.0	30,651.0
Busses	(T)	1,081.0	n.a	935.0	1,475.0	1,345.0	1,813.0
Minibusses	(T)	6,515.0	3,863.0	4,994.0	2,365.0	2,900.0	7,527.0

K: Production of public sector only

T: Total production

\* Provisional

\*\* Production of Azot Sanayii

### Private Sector Manufacturing Industries' Output

The rate of increase in the private manufacturing industries' total production was 5.4 percent last year, as compared with 10.3 percent in 1981.

The highest growth rate at constant prices were registered by the basic metal industries, the production of which increased by 17.8 percent. Production of paper and paper products increased by 13.4 percent whilst production of wood and wood products decreased by 3.1 percent. The implicit price deflator was 27.7 percent for private manufacturing as compared to 32.5 percent for public manufacturing.

The relative shares of the sub-sectors in private manufacturing did not greatly change between 1981 and 1982. But as was to be expected, the production profile of the private sector changed considerably in the last twelve years.

Food and textiles declined in relative importance, whilst chemicals, petroleum and coal more than doubled their share of total production values. Forestry products, furniture and paper were also among the industries which lost some of their importance. In summary the consumer goods industries lost ground to intermediate and investment goods production. Non-metallic minerals, the basic metals industry, metal products and machinery considerably increased their share of total output values.

#### PRODUCTION PROFILE OF THE PRIVATE SECTOR MANUFACTURING INDUSTRIES

(Percentage contribution)  
(Current prices)

	1971	1981	1982
Food, Beverages, Tobacco	25.0	14.9	14.8
Textiles, Clothing, Leather	23.6	15.5	15.0
Forestry Products, Furniture	1.7	1.0	0.9
Paper and Printing	3.4	2.0	2.2
Chemicals, Petroleum, Coal	13.7	29.2	29.3
Non-metallic Minerals	5.5	7.3	7.5
Basic Metals Industry	4.8	7.2	7.9
Metal Products, Machinery	20.0	22.7	22.0
Others	2.3	0.3	0.3
Total	100.0	100.0	100.0

PRIVATE INDUSTRY - TWELVE MONTH OUTPUT  
(Quarterly Survey)

(Billion TL.)

	1981 Current Prices	1982 Current Prices	Constant Prices	Growth Rate at Cur.Pri.	Growth Rate at Con.Pri.	Implicit Deflator
Manufacture of Food, Beverage and Tobacco	221.6	296.9	234.4	33.9	5.7	26.6
Textile. Wearing Apparel and Leather Ind.	230.5	301.2	237.6	30.6	3.0	26.7
Manufacture of Wood and Wood Pro. and Furniture	15.7	18.7	15.2	19.0	- 3.1	22.7
Manufacture of Paper and Paper Pro. Printing and Publishing	29.8	43.4	33.8	45.7	13.4	28.5
Manufacture of Chemicals and Petroleum. Coal:						
Rubber and Plastic Pro.	434.7	587.8	452.7	35.2	4.1	29.8
Manufacture of Non-						
Metallic Mineral Pro.	108.6	149.7	115.4	37.8	6.2	29.7
Basic Metal Ind.	106.8	158.9	125.9	48.7	17.8	26.3
Manufacture of Fabricated Metal Products, Machinery Equipment and Transport Equipment	337.7	442.1	350.0	30.9	3.8	26.1
Other Manufacturing Ind.	5.0	6.7	5.4	33.2	6.1	25.5
Total	1,490.6	2,005.4	1,571.0	34.5	5.4	27.7

Public Sector Manufacturing Industries' Output

At constant prices, the public manufacturing sector's production value increased by 10.9 percent in 1982, compared with 7.2 percent in 1981 and with 0.5 percent in 1980. The appended list covering 17 public manufacturing enterprises shows positive increases for 12 of them and negative growth rates for the remaining five. The highest rates of increase were recorded by the Tea Establishment (44.2 percent), Iskenderun Iron and Steel Factories Corp. (40.6 percent), the Animal Feed Industry (23.1 percent), Turkish Petroleum Incorporated (20.1 percent) and the Turkish Electricity Authority (12.9 percent).

The five cases of negative rates of increase were registered by the following; Nitrogen Industry Corp. (12.6 percent), Etibank-Minerals (10.5 percent), Sumerbank (8.9 percent), Karabuk Iron and Steel Factories Incorp. (7.3 percent) and Tekel State Tobacco Monopoly (4 percent).

Public Sector output represented 46 percent of total manufacturing production, compared to 41.4 percent in 1981 and 42.1 percent in 1980.

In real terms, output of the public manufacturing sector increased by 10.9 percent and at current prices it rose by 47 percent; the implicit price deflator was 32.5 percent. The implicit price deflator for public manufacturing was much higher in 1981 no less than 47.4 percent.

Price increases were higher in the public sector by around 5 points, reflecting the sector's new pricing policy.

PUBLIC SECTOR INDUSTRY  
(Twelve Months' Output)

	(Billion TL.)					
	1981 Current Prices	1982 Current Prices	Constant Prices	Growth Rate At Current Pr.	Growth Rate At Constant Pr.	Implicit Deflator
Etibank	27.8	32.6	24.9	17.2	+10.5	30.9
Turkish Electricity Authority	83.4	136.8	94.2	64.0	12.9	45.2
Turkish Coal Establishment	59.8	80.1	61.9	34.0	3.6	29.4
Turkish Sugar Fac. Incorporate	92.0	115.1	100.9	25.0	9.6	14.1
Turkish Cement Producers Asso.	33.8	45.6	35.2	34.9	4.1	29.5
Turkish Petroleum Incorporated	450.6	718.2	541.3	59.4	20.1	32.7
General Directorate of Turkish Cellulose and Paper Industry	30.7	41.7	33.4	36.0	8.8	25.0
Sumerbank	49.5	61.1	45.1	23.4	- 8.9	35.5
Nitrogen Industry Corporation	24.8	24.5	21.7	- 1.3	-12.6	12.9
Animal Feed Ind.	5.1	7.6	6.3	48.5	23.1	20.6
Tekel-State Tob. Monopoly	143.4	200.1	137.6	39.6	- 4.0	45.4
Karabuk Iron and Steel Fac. Cor.	19.7	25.3	18.3	28.5	- 7.3	38.6
Eregli Iron And Steel Fac. Cor.	48.8	72.3	53.4	48.1	9.4	35.4
Iskenderun Iron and Steel Fac. Cor.	16.7	32.8	23.5	96.0	40.6	39.4
Petro-Chemical Ind.	35.7	53.6	38.2	50.0	7.1	40.0
Mechanical and Chemical Ind.	25.3	36.2	27.4	43.1	8.2	32.2
Tea Establishment	16.3	26.5	23.5	63.1	44.2	13.1
Total	1,163.6	1,710.2	1,290.8	47.0	10.9	32.5

### A General Survey of Manufacturing

Data taken from official surveys of manufacturing covering the seven years 1975-1981 emphasise a number of differences between the public and private sectors:

- Average annual wages are consistently higher in the public sector;

- Over the seven years period, real wages increased by 19.5 percent in the Public Sector and by only 2.4 percent in the private sector.

- Real wages in the public sector were higher in 1981 than the maximum of the period 1975-1980, which was attained in 1977.

- Value added per person in the public sector, which was lower than in the private sector during 1978-1980, was higher in 1981. Higher pricing practices in 1981 seem to be behind the increase in the value added per person.

- Wages as a percentage of value added decreased considerably in the public sector, from 47 percent in 1980 to 41 percent in 1981, whilst they remained constant at 28 percent in the private sector.

- The public sector dominates in food, basic metals, and chemicals, whilst the private sector leads in metal products, textiles, chemicals and food.

The four sub-sectors in which the public sector dominates, represent 80.5 percent of the total public manufacturing value added whilst the four principal private sub-sectors represent 79.6 percent of total private manufacturing value added.

During the seven year period, the public sector made considerable increases in basic metals and metal products and to a lesser extent, in textiles, whilst the private sector has maintained its value added profile more or less unchanged with only a relative increase in the importance of metal products and a relative decrease in that of chemicals.



FROM SURVEYS OF THE  
MANUFACTURING INDUSTRIES

		1975	1976	1977	1978	1979	1980	1981
<u>Annual Wage</u>								
Public Sector								
Real Wage		12.9	11.8	15.4	15.1	14.1	14.0	15.4
At current prices		47.6	50.7	83.6	132.9	202.5	390.8	593.8
Private Sector								
Real Wage		9.9	11.2	12.3	11.4	10.9	9.6	10.1
At current prices		36.3	48.3	66.8	100.6	157.4	269.5	389.2
<u>Value added per person</u>								
Public Sector		170,200	184,200	206,600	286,800	419,900	833.2	1,442.7
Private Sector		99,200	135,300	189,900	298,100	495.3	945.7	1,376.4
<u>Wage/V.A.</u>								
Public		27	27	40	46	48	47	41
Private		36	34	34	33	31	28	28
<u>Public Sector V.A.</u>								
Food	31	31,11	31,18	34,35	30,39	26,70	30.80	30.92
Textiles	32	5,91	6,77	5,33	6,32	7,10	7.15	9.78
Wood	33	0,96	0,93	1,79	0,92	1,31	1.55	1.45
Paper	34	3,75	3,91	3,83	4,29	2,55	4.40	4.89
Chemicals	35	37,64	35,40	19,15	20,59	22,30	20.62	10.27
Non-metallic Min.	36	2,16	2,48	2,88	3,56	2,83	4.20	3.22
Basic Metals	37	12,57	12,77	23,06	22,77	25,07	20.92	23.89
Metal Products	38	5,82	5,86	9,45	11,02	12,14	10.37	15.39
<u>Private Sector V.A.</u>								
Food	31	12,83	12,00	11,40	11,91	10,30	12.46	11.83
Textiles	32	22,03	24,07	21,87	22,53	24,15	24.47	23.95
Wood	33	1,82	1,70	1,91	1,93	1,47	1.70	1.39
Paper	34	3,59	3,08	3,55	3,10	2,69	2.99	2.87
Chemicals	35	17,80	15,55	17,66	17,65	20,78	14.67	13.75
Non-metallic Min.	36	7,60	8,48	9,83	8,66	8,32	8.32	9.57
Basic Metals	37	5,68	6,48	7,20	6,45	7,07	6.30	5.99
Metal Products	38	28,13	28,10	26,04	27,27	24,77	28.58	30.06

Source: State Institute of Statistics

Developments in the Private Manufacturing Sector in 1982

At the beginning of 1982 the Istanbul Chamber of Industry began publishing, on a quarterly basis, a quantitative analysis of the state of the manufacturing industry.

A cyclical fluctuation of a seasonal nature seems to be running through 1982, with production, employment and sales down in the first quarter, up in the second, down in the third and up in the last quarter.

Employment for the same firms went up by 1.6 percent during the second quarter, decreased by 1.7 percent in the third quarter and increased by 2.1 percent in the last quarter of 1982, bringing employment up to 159,961 from 156,663 in the third quarter.

Capacity utilization followed the same pattern: low in the first quarter (66.7 percent weighted average capacity utilization), high in the second quarter (67 percent), low in the third quarter (65.3 percent) and high again in the last quarter (67.7 percent).

The weighted average capacity utilization rate in the year 1982 was 66.8 percent, compared with 62.1 percent in 1981.

Average capacity utilization exceeded 70 percent in 1982 in the food-beverages-tobacco, textile, clothing-leather, and paper and paper products sectors.

The most important reason for the under-utilization of capacity in 1982, was according to survey respondents, insufficiency of demand (49.3 percent), financial problems (25.8 percent) and thirdly, raw material shortages. However, although low demand was the most important problem in both 1981 and 1982, its relative importance significantly increased last year. On the other hand, in 1980 the most important problems were raw material shortages, followed by the insufficiency of demand.

The insufficiency of domestic demand was the principal reason for low capacity utilization in the following sectors in 1982:

- Beverages (100 percent)
- Glass (50 percent)
- Plastics (46.9 percent)
- Petroleum and Coal (46.6 percent)
- Earthenware (46.1 percent)
- Iron and Steel (40.6 percent)
- Basic metals (40.0 percent)

FACTORS NEGATIVELY AFFECTING CAPACITY USE  
(%)

	<u>1980</u>	<u>1981</u>	<u>1982</u>
Raw Materials Shortages	22.7	18.3	17.5
Low Demand	20.1	29.4	49.3
Financing Problems	18.8	22.0	25.8
Energy	17.3	15.3	2.7
Infrastructure	12.7	10.5	-
Labour	-	-	2.8
Others	10.4	4.5	1.5

# PRODUCTION, SALES AND STOCK CHANGES IN MANUFACTURING SECTOR

1982

(Billion TL.)

S E C T O R S	First Quarter			Second Quarter			Third Quarter			Fourth Quarter			1982 (En.TL.)		
	Production	Sales	Stock	Production	Sales	Stock	Production	Sales	Stock	Production	Sales	Stock	Production	Sales	Stock
Food, beverages, tobacco	20.8	20.8	1.0	25.3	24.9	1.0	26.4	25.7	2.0	33.3	32.5	0.8	105.8	103.6	2.2
Textile, clothing, leather	26.8	25.0	7.0	38.6	35.7	8.0	33.4	31.0	7.0	44.5	43.5	1.0	143.3	135.3	8.1
Forestry products, furniture	2.1	2.2	1.0	2.6	2.3	1.0	1.7	1.6	5.0	3.1	3.0	0.1	9.5	9.1	0.4
Paper and paper products	6.3	5.6	13.0	9.5	8.4	12.0	8.2	7.1	14.0	10.4	10.1	0.3	34.5	31.3	3.2
Printing	57.5	54.6	5.0	76.1	70.9	7.0	61.6	63.1	-3.0	92.3	90.6	1.7	287.4	279.0	8.4
Chemicals, petroleum	11.9	8.8	35.0	16.6	13.5	22.0	18.8	15.7	19.0	17.7	15.1	2.7	65.0	53.0	12.0
Rubber, plastics	17.0	16.7	1.0	20.6	21.4	4.0	22.4	21.4	4.0	30.2	29.5	0.7	90.3	89.0	1.3
Earthenware	68.7	66.8	2.0	73.3	69.7	5.0	61.3	63.2	-4.0	89.5	91.2	-1.7	292.8	291.0	1.9
Basic metals	1.3	1.1	20.0	1.8	1.6	7.0	1.4	1.6	-11.0	1.4	1.4	0.04	5.9	5.7	0.2
Metal goods and Machinery	212.4	201.6	5.0	264.5	248.5	6.0	235.2	230.4	2.0	322.5	316.8	1.8	1034.6	997.0	37.6
Other															

## CAPACITY USE IN MANUFACTURING SECTOR

	1981			1982		
	Average	January	March	April	June	October/December
Food, beverages, tobacco	63.8	74.0	71.1	74.5	75.8	74.0
Textile, clothing, leather	68.5	70.8	71.2	68.3	70.4	70.2
Forestry products, furniture	52.1	60.8	61.8	53.4	54.6	57.7
Paper and paper products and printing	77.6	75.8	72.0	69.0	71.5	71.8
Chemicals, petroleum, Rubber	57.5	69.7	70.2	68.5	70.5	69.8
Plastics	66.5	67.7	72.2	65.6	71.9	69.3
Earthenware	59.3	56.7	62.6	64.8	67.2	63.6
Basic metals	47.6	62.0	59.8	56.3	60.0	59.7
Metal goods and machinery	59.5	73.4	69.0	77.7	68.2	71.8
Other	62.1	66.7	67.0	65.3	67.7	66.8
TOTAL						

Source: Istanbul Chamber of Industry

Inventories continued to increase considerably during the first half of the year, at 5 and 6 percent during the first two quarters; but there was a marked reduction in these rates in the second half of the year. Inventories increased by only 2 percent and 1.8 percent respectively, in the third and fourth quarters.

There were considerably deviations in individual sectors from the average inventory accumulation which indicates the presence of some problem sectors and areas. While stocks increased by only 2 percent in the third quarter, there were much high rates of inventory accumulation in earthenware (19 percent), paper (14 percent), textiles (7 percent) and forestry products (5 percent). Inventory accumulation continued to be high during the last quarter of the year for earthenware (17 percent) and forestry products (5 percent) whilst it was greatly reduced for textiles and paper.

Price increases accelerated and prices were much higher in the last quarter. In fact, overall prices in the manufacturing sector increased by 6.1 percent in the third quarter and by 6.7 percent in the last quarter of 1982.

Two sectors, paper and earthenware, showed price increases above the average rate for both quarters. Price increases in the paper sector were of 10.8 percent during the third and of 7.1 percent during the last quarter. Price increases in the earthenware sector were of 6.7 percent in the third quarter and of 12.5 percent during the last quarter. Price increases above the average were also recorded for machinery (8.6 percent), chemicals (7.3 percent) and electrical machinery (6.6 percent) during the third quarter and for textiles (6.8 percent), machinery (6.8 percent), forestry product (6.9 percent) and electrical machinery (6.9 percent) during the last quarter.

Very little investment was undertaken in the last quarter (13.9 percent) and the propensity to invest in the immediate future continues to be low (14.4 percent).

Prospects for production seem to be relatively optimistic, with 55.8 percent of the survey respondents stating that their production increased in the fourth quarter of 1982 and 55.6 percent expecting production to increase in the present year.

A total of 56 percent of the respondents stated that their sales increased in the final quarter of 1982 but only 40.8 percent expected sales to further increased.

New orders remained the same according to 38.4 percent of the respondents but 46.1 percent of the expected the volume of new orders to decrease.

## 6. EMPLOYMENT, LABOUR RELATIONS

### Employment

Turkey's rate of population growth has been very high over the last twenty years, the average annual rate of increase having been as high as 2.5 percent.

During the 1960's and up to the end of 1973, emigration to Western Europe slowed down the population increase. In recent years, falling fertility rates were more or less balanced by falling mortality rates. Mortality rates, having reached about average European levels, may not further fall substantially whilst fertility rates are likely to continue their decline. The expected slow-down in population growth, however, would affect the labour market only after 15-20 years. Meanwhile, the active population is likely to increase at a rate of around 900 thousand per year and the labour force by close to half-a-million, whilst, in the 1970s, new jobs were created at an average annual rate of only 190 thousand. Job creation was relatively higher between 1970 and 1975 and corresponded to an annual rate of 216 thousand but it fell to only 145.1 thousand in 1981 and to 119.2 thousand last year.

Whilst 6 out of 10 people of the economically active population are still engaged in agriculture and related activities, there has been a marked decline in the last twenty years, from 77.2 percent in 1962 to 61.3 percent in 1982. This fall of 15.9 percentage points was accounted for partly by an increase of 3.7 percentage points in employment in industry but the most rapid increase, equal to 4.7 percentage points, occurred in the other services sector, particularly in the civil service and in commerce. Overall, 58.5 percent of total employment created during the 20 years of planned development took place in the services sector, 34 percent in industry and construction and 7.5 percent in transportation.

Between 1962 and 1982, employment in the non-agricultural sectors of the economy increased by 5 percent per annum at the beginning of the period and by 4 percent in during the second half of it. It dropped further, to 2.4 percent p.a., during 1975-1980. It is expected to remain approximately at the same level with a postulated GDP growth of 4 percent per annum, or to increase to 4 percent per annum if the GDP increases by 5.5 per annum during the period 1980 to 1985.

Employment in industry has increased, on average, by approximately 3 percent p.a. whilst that in the construction sector has increased by 4.1 percent p.a. The overall average for the non-agricultural sectors has been especially affected by the high rate of employment increase in banking (8.0 percent), commerce (3.9 percent) and services (4.2 percent).

There are several reasons for believing that the State Planning Organisation's implicit estimate of the magnitude of agricultural population and of the rural exodus may be too high. It is based on a rising rate of participation in agriculture as well as elsewhere, but as education spreads and incomes rise, the employment

of children and women is likely to fall rather than to rise. On the other hand, the estimate is predicated on very high growth rates of productivity in agriculture; 5.1 percent per annum in 1972-1977, 9 percent in 1977-1987. However, such increases in productivity are unlikely to materialize: a productivity increase of around 3.2 percent p.a. for agriculture seems more likely in the medium-term. Thus, the actual extent of disguised and open unemployment in agriculture and the rate of the annual exodus from the land may well be less than the SPO's estimate. A more realistic projection might be based on a slight increase in the agricultural labour force of around 0.4 percent per annum, which, together with the 3.2 percent productivity increase, will make up 3.6 percent per annum in agricultural production. In fact, the increase in agricultural production averaged 3.3 percent per annum during the two decades 1962-1981.

SECTORAL DISTRIBUTION OF MANPOWER DEMAND  
1962-1982

	1 9 6 2		1 9 8 2		Change	
	(000)	%	(000)	%	Absolute (000)	%
Agriculture	9,742	77.2	9,481	61.3	261	- 2.7
Industry	1,048	8.3	1,850	12.0	802	76.5
Mining	68	0.5	121	0.8	53	77.9
Manufacturing	948	7.5	1,619	10.5	671	70.8
Energy-Water-Gas	32	0.3	110	0.7	78	243.7
Construction	272	2.1	584	3.8	312	114.7
Transportation	248	2.0	497	3.2	249	100.4
Commerce	310	2.4	672	4.3	362	116.8
Banking	49	0.4	216	1.4	167	330.8
Other Services	951	7.5	1,882	12.2	931	97.9
Unspecified	-	-	273	1.8	-	-
Total	12,620	100.0	15,457	100.0	2,837	22.5
Non-Agricultural	2,878	22.8	5,976	38.7	3,098	107.6

Source: SPO. 1983 Program

PERCENTAGE DISTRIBUTION OF THE ECONOMICALLY  
ACTIVE POPULATION

	1962	1982	1982/1962	(%)
Agriculture	77.2	61.3	- 15.9	
			Absorbed by	Relative Share of the absorption
Industry	8.3	12.0	- 3.7	23.3
Mining	0.5	0.8	0.3	1.9
Manufacturing	7.5	10.5	3.0	18.9
Energy-Gas-Water	0.3	0.7	0.4	2.5
Construction	2.1	3.8	1.7	10.7
Transportation	2.0	3.2	1.2	7.5
Commerce	2.5	4.3	1.8	11.3
Banking	0.4	1.4	1.0	6.3
Other Services	7.5	12.2	4.7	29.6
Unspecified	-	1.8	1.8	11.3
Total	100.0	100.0	15.9	100.0

Source: SP0. 1983 Programme

The development strategy of the Five Year Plans has emphasised a higher rate of growth of output and labour productivity than that of employment. Although the rate of growth of employment in industry, construction and transportation accelerated during the Second and Third Plan periods (1968-1977), it failed to absorb the increment in the labour force. This is partly because the rate of employment growth in services gradually fell from 8 percent during the First Plan period, to 6.4 percent during the Second and to only 3.9 percent during the Third Plan period.

Structure of the Labour Surplus

According to recent estimates, (October 1982), surplus labour is around 3.3 million. Some 444.5 thousand persons are registered as unemployed and looking for jobs through the Labour Placement Office whilst an other 700 thousand are in search of work on their own. It is estimated that there are 1.5 million people not actively looking for a job and that disguised unemployment in agriculture accounts for around a further 665 thousand persons.

Active unemployment as a percentage of total labour supply rose from around 5.22 percent in 1980 to 5.53 in 1981, and to 6.11 percent in 1982.

The unemployment rate would have increased even more but for the resumption of workers' emigration, mainly to the Middle East; A fall in the labour force participation rate, from 72.7 percent in 1970 to 65.3 percent in 1980 also eased the pressure on employment.

Official labour statistics must be treated with reservations because direct surveys are not made. The State Planning Organisation's annual estimates are based on the extrapolation of population census data and its own assumptions as regards production and productivity.

However, for the first time, questions regarding unemployment were included in the 1980 population census questionnaire and unemployed persons actively seeking work were registered accordingly. The results of the one percent sampling of this 1980 census date, published by the State Institute of Statistics, are vastly different from the State Planning Organisation's estimates. According to the SPO, 2.6 million persons were unemployed in 1980, whereas the SIS's census-based total is only 839,900.

Given the economic situation at the time of the census and the fact that Turkey has still by no means managed to pull itself out of the recession, neither the SPO nor the SIS' figures do not well reflect something like the true position as it was and is today, too. Undoubtedly, there were many census respondents who did not wish to admit their being unemployed; furthermore, there are degrees of unemployment and those with purely casual or short seasonal jobs are, by most definitions, unemployed. In addition, there is a large body of men and women who never register with the Labour Office and, whilst part of the workforce and prepared to take a job if offered one, cannot be said to be "actively" looking for employment.

LABOUR MARKET  
(October-1977-1982)

(000 persons)

	1977	1978	1979	1980	1981	Estimated 1982
<u>Sectoral Employment</u>						
Agriculture (inc. Agric. Surplus Labour)	9,555.8	9,537.2	9,528.6	9,520.0	9,511.5	9,481.4
Mining	116.7	120.2	122.8	124.2	126.0	121.3
Manufacturing	1,591.6	1,609.6	1,571.5	1,547.7	1,593.5	1,619.6
Energy, Gas, Water	93.0	96.6	99.6	98.9	102.4	110.0
Construction	547.2	562.1	577.6	580.6	582.1	584.4
Transportation	494.7	500.9	492.2	480.2	491.1	497.2
Trade	637.0	645.8	637.7	628.2	656.0	672.0
Banking, Insurance, Real Estate	197.3	204.3	208.5	211.1	213.9	216.0
Other Services	1,641.5	1,699.6	1,727.1	1,767.4	1,818.1	1,882.1
Unspecified	256	273	273	273	273.0	273.0
Total	15,121.3	15,249.3	15,238.6	15,231.3	15,367.9	15,457.0
Non Agricultural Sector Employment	5,565.5	5,712.5	5,710.0	5,711.3	5,856.4	5,975.6

Source: SPO Draft 1982 Programme



CHANGES IN EMPLOYMENT AND LABOUR SURPLUS  
(October, 1978-1982) (in thousands)  
(Changes from previous year)

	1978	1979	1980	1981	1982
Additional Employment in Non-Agricultural Sec.	136.6	- 2.1	1.3	145.1	119.2
Total Additional Employment	128.0	-10.7	- 7.3	136.6	89.1
Civilian Labour Supply	252.9	265.1	277.4	438.4	460.3
Surplus Labour in Non Agricultural Sectors	124.9	275.8	284.7	301.8	371.2
Surplus Labour in Agr.	-20.0	-20.0	0	0	-35.0
Total Surplus Labour	104.9	255.8	284.7	301.8	336.2

Source: State Planning Organization

STRUCTURE OF THE LABOUR SURPLUS  
(October, 1979 - 1982 in thousands)

	1979	1980	1981	1982 Estimated
A) Labour Surplus				
a) Unemployed registered with Labour Placement Office	169.1	244.8	294.5	444.5
b) Unemployed looking for jobs outside the Labour Placement Office	533.5	651.5	680.8	659.8
1) Actively Unemployed	702.6	896.3	975.3	1,104.3
2) Unemployed not looking for jobs <sup>1</sup>	964.0	1,055.0	1,300.0	1,515.2
Non-Agricultural Labour Surplus	1,666.6	1,951.3	2,275.3	2,619.5
Disguised Unemployment in Agriculture <sup>2</sup>	700.0	700.0	700.0	665.0
Total Labour Surplus	2,366.6	2,651.3	2,975.3	3,284.5
B) Labour Surplus Rates				
Registered Unemployed as a Percentage of Non-Agricultural Employment	3.0	4.3	5.0	-
Labour Surplus in Agriculture as a Percentage of Agricultural Employment	7.35	7.35	7.35	7.01
Active Unemployment as a Percentage of Civilian Labour Supply	4.16	5.22	5.53	6.11

<sup>1</sup>"Unemployed not looking for jobs" item is a controversial one to be treated here as a problem area.

<sup>2</sup>Existence of this surplus is not based on recent census figures.

The recession on the one hand and the increase in productivity that is reckoned to have taken place as a result of the reorganizational measures implemented since September 12, 1980 have considerably reduced the demand for labour. The number of applicants who found employment through the Employment and Labour Placement Office decreased from 377 thousand in 1977 to 151 thousand in 1982. Open unemployment, as recorded by the same Office, increased gradually from 131 thousand in 1977 to 341 thousand in 1981, and to 468 thousand in 1982.

#### APPLICATIONS FOR EMPLOYMENT AND OPEN UNEMPLOYMENT

	1977	1978	1979	1980	1981	1982
Applications during the year	826,844	832,265	653,581	504,780	618,137	639,142
Total Applicants	1,039,713	1,039,517	903,277	816,508	1,043,068	1,191,548
Employment Opportunities Offered	405,237	318,130	235,063	189,358	201,366	188,946
Total Employment Opportunities	416,383	331,752	243,203	198,544	210,531	209,205
Open Unemployment	131,439	152,954	189,467	263,354	341,336	468,654
Placement During the Year	376,834	296,925	211,531	163,426	161,048	151,278

Source: Employment and Labour Placement Office

How serious the unemployment situation will become in the immediate future depends upon the growth performance of the Turkish Economy. Only rates of growth for exceeding 7 percent per annum would be likely to substantially reduce unemployment. But balance of payments and domestic stability considerations seem to rule out markedly higher GNP growth rates for the near future.

It is obvious that in all countries unemployment is a major problem with no easy solutions. The traditional extended family system in Turkey has led to a certain cushioning of the undesirable economic and social consequences of long-term unemployment but family systems are changing and could inhibit the buffer effects of the extended family in the future.

Emphasis given recently to creating an outward looking, more efficient economy might provide more employment per unit produced as production in labour intensive sectors and sub-sectors of the economy is encouraged at the expense of that in capital intensive fields. But it may also reveal serious bottlenecks in the skilled labour supply. Hence the need for an educational policy better oriented to the skills most required by the labour market.

Considerably more labour could be absorbed by agriculture, the tourism, industry and manufacturing. There is need to increase the degree of diversification and intensification in agriculture with more emphasis on livestock products, fruit and vegetables and on conditioning and marketing both to supply a fast growing domestic market as well as for export.

Every year some 120 thousand students graduate from high schools but cannot enter university. In fact the cumulative total of high school graduates who are not able to enter university is around 300 thousand.

The education and talent of these "surplus" high school graduates is being wasted under current labour market conditions, whilst, on the other hand, the growing economy is badly in need of middle level managers, assistant engineers and nurses, for all of whom training facilities are inadequate.

#### Emigrant Workers

A record total of 135,820 Turkish workers emigrated in 1973, allowing for the absorption of the yearly incremental labour force surplus by emigration.

But due to changing economic and employment conditions abroad, emigration slowed down and continued at an average of only 20 thousand per annum for the following six years, (1974-1979). This was followed by a revival in 1980, when 28,503 workers left to take up jobs abroad, and by a more marked improvement in 1981, when 58,753 workers were sent abroad; in 1982 49,388 workers emigrated. Emigration has recently been concentrated on Libya and Saudi Arabia.

#### EMIGRATION OF TURKISH WORKERS

Years	USA		Libya	Saudi Arabia	Others	Total
	Australia Europe					
1973	132,674	664		4	2,478	135,820
1974	18,272	1,015		-	924	20,211
1975	1,612	2,121		251	435	4,419
1976	3,569	4,098		1,832	1,059	10,558
1977	3,986	8,582		4,722	1,853	19,084
1978	2,536	7,726		5,769	2,993	18,852
1979	1,847	9,825		8,522	3,436	23,630
1980	2,874	15,090		5,643	5,016	28,503
1981	1,242	30,667		14,379	12,465	58,753
1982	398	26,686		12,325	9,979	49,388

# EMIGRATION OF TURKISH WORKERS

Years	Number of Workers	Cumula- tive	Years	Number of Workers	Cumula- tive
1962	11.185	11.185	1972	85,229	652,991
1963	30.328	41.513	1973	135,820	788,811
1964	66.176	107.689	1974	20,211	809,022
1965	51.520	159.209	1975	4,419	813,441
1966	34.410	193.619	1976	10,558	823,999
1967	8.947	202.566	1977	12,084	843,083
1968	43.204	245.770	1978	19,084	861,935
1969	103.975	349.745	1979	23,630	885,565
1970	129.575	479.320	1980	28,503	914,068
1971	88.442	567.762	1981	58,753	972,821
			1982	49,388	1.022,209

## Collective Bargaining Agreements:

A total of 2274 collective wage agreements relating to 14,050 establishments and covering 871,410 workers were signed in 1982.

# COLLECTIVE BARGAINING AGREEMENTS

	1978	1979	1980	1981	1982
Number of Agreements	2.838	2.914	1.813	303	2.224
Public	980	1.204	445	204	-
Private	1.858	1.710	1.368	99	-
Number of Workers	686.870	746.032	329.987	104.239	871.410
Public	427.797	265.710	236.665	55.988	-
Private	259.073	480.322	93.322	48.251	-
Number of Establishments	7.780	11.120	3.903	2.173	14.050
Public	3.486	2.003	2.018	692	-
Private	4.294	9.117	1.885	1.481	-

Wages of Workers Under Social Insurance

In 1982 average gross daily wages increased by 26 percent and net wages by 24.3 percent. The Cost of Living Index for Istanbul having increased by 32.7 percent for the same period real gross wages decreased by 5.1 percent during 1982 and real net wages by 6.3 percent.

AVERAGE DAILY WAGES OF  
WORKERS COVERED BY SOCIAL INSURANCE

	(TL. Per day)		
	1980	1981	1982
Gross wage	426.96	543.84	685.00
Net wage	224.41	343.35	426.83
Istanbul Cost of Living Index(1975:100)-	761.00	1047.30	1389.50
Real gross wage	56.10	51.92	49.29
Real net wage	29.49	32.78	30.71

## CHAPTER II

### MONETARY INDICATORS

Throughout 1982, the monetary authorities continued to implement resolutely the tight money policy laid down as part of the January 1980 economic stabilization programme.

As a result, the expansion of total credits, and of Central Bank credits in particular, remained within reasonable limits. In fact, Central Bank credits decreased by 1.62 percent from 925.5 billion TL to 910.5 billion TL at the end of 1982. In the same period, the volume of banknotes in circulation rose by 40.44 percent as compared to 38.7 percent in 1981. The money supply (M1) increased by 40.6 and money supply (M2) by 55.2 percent. When compared to Western standards, these figures may seem to be high in the contexts of a monetary policy which is aimed at controlling inflation. This is why the monetary policy might perhaps better be called validation of the existing rate of inflation; this which averaged 34.5 percent in 1982, according to the Wage Earners' Index prepared by the Istanbul Chamber of Commerce (although the government's Wholesale Prices Index showed an inflation rate of 25.2 percent). On the other hand it has to be remembered that monetization continues in Turkey at a pace which is comparatively much higher than in Western countries.

It is certainly not only the State Economic Enterprises which found it difficult to operate with a limited volume of credit, This increased by only 8.78 percent in 1982 as compared to 27.83 percent in 1981. On the contrary, it is the business community which has complained the most vigorously about the tight money policy. This with some reason since the volume of credits in the banking system increased by only 35.5 percent in 1982 as compared to 73.15 percent in 1981, and the volume of re-discounts on commercial bonds increased by only 17.6 percent in 1982 as compared to 83.1 percent in the previous year.

# 1. BANKNOTES ISSUED

The banknote issue increased by 40.44 percent during 1982, raising to total note issue from 386.4 bn TL to 542.7 bn TL. When the banknote issue is related to the total resources of the Central Bank, a decrease since 1970 from around 26-27 percent to 20.1 percent in 1980, to 18.5 percent in 1981 and to 19.9 percent in 1982 will be noted.

Whilst the banknote issue has been held within acceptable limits ever since the stabilization programme was introduced, and was especially restrained in 1981, the velocity of circulation was relatively low in 1980 and 1982 but high in 1981.

## BANKNOTES ISSUED

(Billion TL.)			
Banknotes issued	Annual Increase Bn. TL.	Percentage	Banknotes in Issue as a Percentage of Total Central Bank Resources
1976	52.8	11.9	29.1
1977	78.7	25.9	49.0
1978	114.6	35.9	45.6
1979	182.9	69.2	59.6
1980	278.6	95.7	52.1
1981	386.4	107.9	38.6
1982	542.7	156.3	40.4

## VELOCITY OF CIRCULATION OF MONEY

(Billion TL.)			
	Banknotes issued Annual Averages	G.N.P.	Velocity
1979	146.5	2,199.5	15.0
1980	228.8	4,435.1	19.4
1981	321.9	6,353.9	20.4
1982	447.9	8,714.5	19.5

FACTORS AFFECTING THE VOLUME OF  
BANKNOTES ISSUED

	(Billion TL.)				
	1980	1981	1982	1982 Change Bn. TL	%
<u>Use</u>					
Gold and Foreign Exchange	270.3	495.8	807.6	311.8	62.9
Public Administrations	563.6	872.7	1,151.0	278.3	31.9
State Enterprises	180.2	236.0	260.8	24.8	10.5
Deposit Banks	316.8	420.1	377.0	-43.1	-10.3
Other Financial Institutions	48.7	53.7	66.9	13.2	24.6
Real Estate and Undistributed	8.1	17.6	39.8	22.2	126.1
Total Assets	1,387.7	2,095.9	2,703.1	607.2	29.0
<u>Sources</u>					
Foreign Exchange Liabilities	638.7	823.1	1,129.4	306.3	37.2
Public Administrations	74.9	307.2	311.6	4.4	1.4
Public Enterprises	2.8	9.6	2.6	- 7.0	-72.9
Deposit Banks	299.5	416.4	533.5	117.1	28.1
Other Financial Institutions	0.2	0.7	0.6	- 0.1	-14.3
Other Sectors	58.2	134.8	103.4	-31.4	-23.3
Capital Account and Undist.	33.8	16.5	78.2	61.7	373.9
Total Sources Excluding Money	1,108.2	1,708.2	2,159.2	451.0	26.4
Banknotes	279.5	387.7	543.9	156.2	40.3
Total Liabilities	1,387.7	2,095.9	2,703.1	607.2	29.0

The value of the banknotes and coins in circulation increased by 156.2 bn TL, or by 40.3 percent in 1982. The main augmenting the volume of money was the Public Administrations, which increased their use of funds by 278.3 bn TL, or by 31.9 percent, raising their debt from 872.7 bn TL in 1981 to 1,151 bn TL in 1982. Gold and foreign exchange transactions affected only marginally the volume of banknotes in 1982.

The main factor diminishing the volume of banknotes in issue was the 117.1 bn TL of funds deposited with the Central Bank by the deposit banks.

A more detailed analysis indicates that the increase in the of Public Administrations debt was in the form of consolidation of debts in the amount of 273.9 bn TL, raising the total consolidated debt from 609.4 bn TL in 1981 to 883.3 bn TL in 1982.

The deposit banks did not contribute to the increase in banknotes in issue. On the contrary, they decreased it by reducing their debts to the Central Bank by 43.1 bn TL and by increasing of their deposits by 117.1 bn TL in total, the deposit banks were responsible for a decrease of 160.2 bn TL.



The increase in the Public Administrations' debt is not accounted for in the Central Bank's Current Credits, which in fact fell by 1.6 percent in 1982, but can be detected in the changed volume of the Consolidated Accounts.

## 2. CENTRAL BANK CREDITS

A detailed analysis shows increases in Central Bank Credits to the following institutions:

### CENTRAL BANK CREDITS

	(Billion TL.)		
	1981	1982	Increase in 1982
<u>Support</u>			
Soils Product Office	63.3	89.1	25.8
<u>Industry</u>			
Medium Term Credit	30.0	84.3	54.3
<u>Export</u>			
Documented Exports	39.5	72.8	33.3
<u>Commerce</u>			
Commercial Bonds	4.0	35.4	31.4
	136.8	281.6	144.8

The increase in the credits under the four headings shown above, amounts to 144.8 bn TL, representing an increase of 15.6 percent over the end 1981 total.

With these details in mind the distribution of Central Bank Credits is as follows; as has already been stated, the overall credit total showed a decrease of 1.6 percent during the year.

# CENTRAL BANK CREDITS

(Billion TL.)

	31/12 1981	% Change	31/12 1982	% Change
<u>Public</u>	548.2	32.2	578.0	5.4
A) Short-term Advances of the Treasury	261.9	38.8	566.2	1.6
B) Bonds Under Treasury Guarantee	252.5	27.8	274.7	8.8
a) Annexed Budget Administration	58.8	64.7	54.0	- 8.2
b) State Economic Enterprises	174.5	22.5	202.5	16.1
c) State Investment Bank	19.2	-	18.2	- 5.2
C) Advances Against Securities	19.2	-	18.8	2.0
D) Commercial Bonds	7.5	316.7	11.4	52.0
E) Deposit Reserves	7.2	-	6.9	- 4.2
<u>Banks</u>	257.2	73.8	289.9	12.7
A) Commercial Bonds	166.9	83.0	196.3	17.6
B) Agricultural Bonds	2.7	42.1	2.8	3.7
C) Advances Against Securities	9.3	-39.6	3.9	-58.1
D) Medium-Term Credits	30.0	177.8	84.3	181.0
E) Special Export Financing Fund	17.9	214.0	0.6	-96.6
F) Agricultural Financing Against Deposit Reserves	30.4	32.2	2.0	-93.4
<u>Agricultural Cooperatives</u>	120.0	29.4	42.6	-64.5
A) Agricultural Sales Cooperatives	80.8	67.6	25.5	-68.4
B) Agricultural Credit Cooperatives	39.2	-11.9	17.1	56.4
<u>Total Credits</u>	925.5	41.2	910.5	- 1.6

# CENTRAL BANK CREDITS

(Billion TL.)

	2/4/1982	1/4/1983	% Change
<u>Public</u>	533.9	590.2	10.6
A) Short-term Advances of the Treasury	261.1	303.5	16.2
B) Bonds Under Treasury Guarantee	238.5	248.8	4.3
a) Annexed Budget Administration	55.7	51.3	- 7.9
b) State Economic Enterprises	164.1	179.9	9.6
c) State Investment Bank	18.7	17.6	- 5.9
C) Advances Against Securities	19.0	18.6	- 2.1
D) Commercial Bonds	5.2	12.6	53.7
E) Deposit Reserves	7.0	6.7	- 4.3
<u>Banks</u>	241.8	328.3	35.8
A) Commercial Bonds	156.3	227.1	45.3
B) Agricultural Bonds	2.4	2.5	4.2
C) Advances Against Securities	2.1	8.7	314.3
D) Medium-term Credits	41.1	87.3	112.4
E) Special Export Financing Fund	9.6	0.6	-
F) Agricultural Financing Against Deposit Reserves	30.4	2.0	-
<u>Agricultural Cooperatives</u>	105.7	61.8	-41.5
A) Agricultural Sales Cooperatives	77.9	36.6	-53.0
B) Agricultural Credit Cooperatives	27.8	25.2	- 9.4
<u>Total Credits</u>	881.4	980.3	11.2

On the other hand, Central Bank Credits showed more balanced development in the first quarter of 1983; there was a March to March expansion in total credits of 11.2 percent, of 10.5 percent in credits to the Public Sector and of 35.8 percent in credits to the Banks.

In fact, the rate of increase in total Central Bank credits is as high as 18.5 percent credits to the Agricultural Cooperatives which are shown to have decreased by 41.5 percent, are excluded. Recently, some agricultural credits have been consolidated and transferred from to another section of the Bank's balance sheet.

A more detailed analysis of the March to March increases in Central Bank credits shows the following characteristics: a reasonable annual increase of credits opened to the Public Sector equal to 10.5 percent with a more pronounced increase (16.2 percent) for short term advances to the Treasury and a lower (9.6 percent) rate for the State Economic Enterprises.

Credits to the banks have increased by 35.8 percent, a rate which is close to the inflation rate; credits against commercial bonds have increased by 45.8 percent, whilst medium-term credits have risen by 112.4 percent.

#### Distribution of Central Bank Credits

No major changes took place in 1982 in the distribution of Central Bank credits as between the public and the private sectors.

From the longer term viewpoint, it is noteworthy that the public sector's share has definitely fallen during the last three years (1980-1982), as contrasted to the preceding three years (1977-1979), from around 67 percent to around 58 percent of total Central Bank credits.

The Treasury's share for the same three year periods increased from around 24 percent to 28 percent, whilst the share of State Enterprises' dropped from around 43.5 percent to 31 percent. The private sector's share increased from 33 percent to over 41 percent.

#### DISTRIBUTION OF CENTRAL BANK CREDITS

	(Percent)					
	1977	1978	1979	1980	1981	1982
Public Sector	66.8	66.9	67.9	63.0	58.4	58.3
Treasury	23.9	23.4	24.0	28.8	28.3	27.4
State Enterprises	42.9	43.5	43.9	34.2	30.1	30.9
Private Sector	33.2	33.1	32.1	37.0	41.6	41.7

# CENTRAL BANK CREDITS

(Billion TL.)					
	1980	1981	1982	% 81/80	% 82/81
Advances to the Treasury	188.7	261.9	266.2	38.8	1.6
Commodity Price Supports	147.2	233.8	203.3	58.8	-13.0
Agriculture	70.7	74.7	21.9	5.7	-70.7
Industry	176.7	216.0	267.3	22.2	23.8
Artisans' Credits	7.4	12.5	11.8	68.9	- 5.6
Exports	48.1	113.2	100.6	135.3	-11.1
Commerce	16.3	13.3	39.3	-18.4	195.5
Total Credits	655.2	925.5	910.5	41.3	- 1.6

# CENTRAL BANK CREDITS

(Billion TL.)						
	1980	1981	1982	1980	1981	1982
				% Change		
Total Central						
Bank Credits	655.2	925.4	910.5	71.5	41.2	- 1.6
Public Sector	414.4	548.2	578.0	59.6	41.0	5.4
Banks	148.0	257.2	289.9	95.8	73.8	12.7
Agricultural						
Coop.	92.7	120.0	42.6	2.4	29.5	-64.5

In 1982, credits granted to the public sector increased by 5.4%, compared with increases of 59.6% in 1980 and 41% in 1981.

Credits to the banks increased by only 12.7% in 1982, as against a 73.8% increase in 1981 and exceptionally big rise of 95.8% in 1980.

Credits to the Agricultural Cooperatives were consolidated in 1982 and thus showed a decrease of 64.5%, whereas they increased by 29.5% in 1981 and by 2.4% in 1980.

As a result of all these developments, total Central Bank credits showed a decrease of 1.6 percent in 1982 whereas in 1980 and 1981 increases of 71.5% and 41.2%, respectively had been registered.

### 3. CENTRAL BANK DEPOSITS

Deposits with the Central Bank increased by 28.7 percent in 1982 taking the yearend total from 673 bn TL to 866.4 bn TL.

The sources of increase were mainly Deposit Banks' statutory deposits, which increased by 42.9 percent from 323 bn TL to 461.6 bn TL in 1982 and to a lesser extent, deposits by the public administrations and International Institutions included in "other sectors".

#### DEPOSITS WITH THE CENTRAL BANK

	(Billion TL.)			
	1979	1980	1981	1982
Public Administrations	5.3	49.0	269.1	301.1
Public Enterprises	2.4	2.7	3.5	2.5
Deposit Banks	110.7	157.9	323.0	461.6
Free Deposits	12.1	20.2	85.6	59.0
Statutory Deposits	98.3	137.2	236.6	401.2
(Sight)	(72.0)	(103.4)	(101.8)	(138.7)
(Time)	(26.3)	(33.8)	(134.8)	(262.5)
Other Financial Institutions	0.2	0.2	0.7	0.6
Other Sectors	25.6	57.0	76.8	100.5
Total	144.1	266.9	673.0	866.4

### 4. MONEY SUPPLY

In most of its definitions, the money supply increased less rapidly in 1982 than in 1981. Nonetheless, the rate of increase in banknotes in circulation was much higher, 48.7 percent, as against only 29 percent in 1981, and savings sight deposits rose by 22.7 percent, as compared with 14.1 percent in the previous year.

As a result, the M1 (narrow definition) money supply increased at a marginally faster rate than in 1981.

On the other hand, the M2A money supply increased much more slowly in 1982 (by 55.1 percent) than in 1981 (72.8 percent), the deceleration being due to the fact that savings time deposits increased by 85.2 percent as compared with the exceptionally high rate of 230.5 percent in 1981.

The M2 (broad definition) showed a similar trend because its main additional component, certificates of deposit, increased very much more slowly than in the previous year.

The M3 money supply which contains, in addition, official deposits and Central Bank deposits, increased by 49.1 percent in 1982 as compared to 99.7 percent in 1981.

# MONEY SUPPLY

(Billion TL.)

	1979	1980	1981	1982	% Change			
					1979	1980	1981	1982
M1 Narrow Definition	444.5	704.0	972.0	1,353.9	56.7	58.4	38.1	39.3
Money in Circulation	143.7	217.5	280.6	417.4	53.1	51.4	29.0	48.7
Commercial Sight Dep.	154.5	286.0	458.5	656.8	79.6	85.1	60.3	43.3
Savings Sight Dep.	142.6	193.5	220.9	271.1	38.1	35.7	14.1	22.7
CB and Other Dep.	3.7	7.0	12.0	8.6				
M2 A	527.1	858.8	1,483.8	2,301.7	74.6	62.9	72.8	55.1
Savings Time Dep.	82.6	154.8	511.7	947.8	87.4	87.4	230.5	85.2
M2 Broad Definition	527.8	881.9	1,637.2	2,570.9	60.9	67.1	85.6	57.0
Commercial Time Dep.	0.7	0.9	2.9	6.1				
Certificates of Dep.	-	22.2	150.5	263.2				
M3	609.4	1,071.9	2,140.2	3,190.6	59.0	75.9	99.7	49.1
Official Deposits	50.9	84.1	157.4	218.2				
Other CB Deposits	30.7	105.9	345.6	401.5				

## 5. THE DEMAND FOR MONEY

The demand for money, expressed as a percentage of GNP, declined substantially for several years until 1980. Then, the increase in the velocity of the circulation reflected the flight from money caused by accelerating inflation and by strongly negative real interest rates. In 1979 and 1980, the tightness of monetary policies was an additional factor as increase in the money supply became insufficient to accommodate price rises resultant from adjustments to controlled prices, from wage increases and from devaluations of the Lira. As a consequence of credit scarcity, business firms accumulated large arrears of payments to one another and this process replaced one of the functions of money, thus contributing to a pronounced increase in money's velocity.

## DEMAND FOR MONEY (As percent of GNP)

	1971/ 1975	1976/ 1980	1976	1977	1978	1979	1980	1981	1982
1) Currency	5.9	5.3	5.6	5.9	6.0	5.2	4.0	3.8	4.0
2) Commercial Sight Dep.	4.4	5.5	5.7	6.1	5.7	5.2	4.7	5.7	6.4
3) Savings Sight Deposits	9.1	6.6	8.5	8.3	7.2	5.4	3.7	3.2	2.8
4) M1 (1)+(2)+(3)	19.5	17.5	19.8	20.4	18.9	15.9	12.4	12.8	13.3
5) Time Deposits	5.7	3.3	4.5	3.7	3.0	2.7	2.7	6.4	10.8
6) M2 M1+(5)	25.2	20.8	24.3	24.1	21.9	18.6	15.1	19.2	24.1
7) Public Deposits	2.7	2.2	2.8	2.6	2.3	1.9	1.5	1.8	2.2
8) M2+(7)	27.9	23.0	27.1	26.7	24.2	20.5	16.6	21.0	26.3
9) M2-(2)	20.8	15.3	18.6	18.0	16.2	13.4	10.4	13.5	17.7

All components of the demand for money increased in 1982 as compared with 1981, with the exception of sight savings deposits; these fell from 3.2 percent of GNP in 1981 to 2.8 percent last year. The comparable percentage for the period 1971-1975 was 9.1 percent.

Commercial sight deposits increased from 4.4 percent of GNP in 1971-1975 to 5.5 percent in 1976-1980. This increase was due to the banks' practice of requiring compensating commercial sight deposits (on which no interest is paid) for a certain proportion - usually 30 percent - of the loans they extend. The fact that commercial sight deposits as a percentage of GNP increased from 4.7 percent in 1980, to 5.7 percent in 1981 and to 6.4 percent in 1982 indicates that this usage has continued since July 1980, when bank interest rates were first freed of restrictions.

In the table above we have deducted commercial sight deposits have been deducted from money supply M2 on line (9) the decrease in the demand for money thus becomes very obvious. It was halved from 20.8 in 1971-1975 to 10.4 percent in 1980. A considerable improvement took place in the past two years when it increased to 13.5 percent in 1981 and to 17.7 percent in 1982 but it continued to remain below the average of 20.8 percent attained during the period 1971-1975. The main accomplishment of the July 1980 banking reforms is to be observed in the performance of time deposits. These decreased from 5.7 percent in 1971-1975 to 3.3 percent in 1976-1980 and dropped to an all time low 2.7 percent in 1979 and 1980 before jumping to 6.4 percent in 1981 and 10.8 percent in 1982. The M2 was directly affected; it increased from 15.1 percent in 1980 to 19.2 percent in 1981 and to 24.1 percent in 1982 and this latter rate is very close to the average for the period 1971-1975, 25.2 percent.

## 6. DEPOSIT BANKS' DEPOSITS

By the end of 1982, total deposits had increased by 55 percent bringing the total to 2,395 bn TL. Deposits had increased by 76.7 percent in 1980 and by 101.5 percent in 1981.

From a period perspective, the difference between rates of increase in time as against sight deposits has become more and more marked, during the past four years. In fact, with the liberalization of interest rates on time deposits, this category (inclusive of certificates of deposit) increased by 114.3 percent in 1980 and by a phenomenal 274.2 percent in 1981.

The rate of increase dropped to 82.8 percent in 1982, when the rates of increase in commercial and official deposits were much lower as compared to 1981. On the other hand, sight deposits increased by 22.7 percent, much more rapidly than in 1981.

When expressed in real terms, that is by discounting them with the rate of rise in the Wholesale Prices Index (the generally accepted measure of inflation), total deposits showed an increase of 24.2 percent in 1982 as compared to 60.3 percent in 1981. On this same basis, by the end of 1982, the real level of total deposits was 40.8 percent higher than at the end of 1977.

The same trend may be observed in so far as savings deposits are concerned. After three years of decrease in real terms of around 15 percent p.a., savings deposits increased by 89.7 percent in 1981 and by a further 34.4 percent in 1982, raising the year end level of real saving deposits to 54.5 percent above its 1977 level.

#### TOTAL DEPOSITS AT THE DEPOSIT BANKS

(Million TL.)

Years	Total Deposits	Wholesale Prices Index	Real Deposits at 1963 Fixed Prices	Percentage Change in Real Deposits	Index
1977	206,478	584.8	35,307		100.0
1978	269,860	869.9	31,022	-12.1	87.9
1979	434,007	1577.8	27,507	-11.3	77.9
1980	766,738	3071.4	24,964	- 9.2	70.7
1981	1.544,635	3858.8	40,029	+60.3	113.4
1982	2.395,052	4816,5	49,726	+24.2	140.8

Source: Central Bank of Turkey, Annual Report 1982

#### CHANGES IN DEPOSITS

(Percentages)

	1978	1979	1980	1981	1982
Commercial deposits	36.5	79.7	84.9	60.7	43.7
Official deposits	35.7	44.1	65.2	86.5	38.6
Sight saving deposits	25.3	38.1	35.7	14.1	22.7
Time saving deposits + certificates of deposit	29.4	87.4	114.3	274.2	82.8
Total deposits	30.7	60.8	76.7	101.5	55.0

Source: Central Bank of Turkey, Annual Report 1982



# SAVING DEPOSITS AT THE DEPOSIT BANKS

(Million TL.)

Years	Saving Deposits	Wholesale Prices Index	Real Savings at 1963 Fixed Prices	Percentage Change in Real Saving Deposits	Index
1977	116,463	584.8	19,915		100.0
1978	147,344	869.9	16,938	-15.0	85.0
1979	225,253	1577.8	14,276	-15.7	71.7
1980	370,509	3071.4	12,063	-15.5	60.6
1981	883,156	3858.8	22,887	+89.7	114.9
1982	1,482,080	4816.5	30,771	+34.4	154.5

Source: Central Bank of Turkey, Annual Report 1982

As a result of the unequal rate of increase in the different categories of deposits, their shares of the total have, of course, shown notable variations. Official deposits and commercial deposits' shares of the total continued to decrease in 1982, whilst savings deposits continued their upward trend in 1982. The latter's share rose to 61.9 percent in 1982, from 57.1 percent in 1981. Within savings deposits, an important shift took place from sight into time deposits and certificates of deposit. Sight deposits share fell from 14.3 percent in 1981 to 11.3 percent in 1982, whilst that of time deposits increased from 33.1 percent to 39.6 percent, and certificates of deposit from 9.7 percent to 11.0 percent.

# DISTRIBUTION OF DEPOSITS

(Percentages)

	1980	1981	1982
Official Deposits	11.0	10.2	9.1
Commercial Deposits	37.4	29.9	27.7
Savings Deposits	48.3	57.1	61.9
Sight	25.2	14.3	11.3
Time	20.2	33.1	39.6
Certificates of Deposit	2.9	9.7	11.0
Other	0.5	0.5	0.2
Banks	2.8	2.3	1.1
	100.0	100.0	100.0

# Developments in the Average Rate of Interest Paid on Bank Deposits

The average rate of interest paid by the deposit banks increased from 26 percent in February 1982 to 27 percent in February 1983. Due to the composition of their deposits, some groups of banks were faced with still higher rates of interest; the average interest for Public Sector Deposit Banks increased from 23 to 26 percent, whilst the average interest rate of Private Sector Deposit Banks remained constant at 28 percent. The average rate for the Foreign Deposit Banks increased from 12.7 to 16.6 percent during the same period; their average interest continues to be high because of their high rates of demand savings deposits.

## DEVELOPMENTS IN THE INTEREST PAID ON BANK DEPOSITS IN TURKEY

(Billion TL.)

	F E B R U A R Y , 1 9 8 2				F E B R U A R Y , 1 9 8 3 <sup>4</sup>			
	Total of Deposit Banks	Public Deposit Banks	Private Deposit Banks	Foreign Deposit Banks	Total of Deposit Banks	Public Deposit Banks	Private Deposit Banks	Foreign Deposit Banks
A. TOTAL DEPOSITS	1,455	528	897	30.0	2,233	900	1,287	45.8
Time Savings	725	228	490	7.4	1,177	457	711	8.6
Demand Savings	206	74	123	9.1	349	121	209	18.7
Demand Commercial	348	103	235	9.7	481	149	214	18.2
Other Deposits <sup>1</sup>	176	123	49	3.8	226	173	53	0.3
B. TOTAL INTEREST	378	122	252	3.8	607	235	364	7.6
Time Savings(50%-45%) <sup>2</sup>	363	114	245	3.7	530	206	320	3.9
Demand Savings(5%-20%) <sup>3</sup>	10	4	6	0.5	70	24	42	3.7
Demand Commercial(0%)	0	0	0	0.0	0	0	0	0.0
Other Deposits(3%)	5	4	1	0.1	7	5	2	0.0
C. AVERAGE WEIGHTED INTEREST(%) (B-A)	26	23	28	12.7	27	26	28	16.0

<sup>1</sup>Other deposits which are mainly composed of interest free official deposits and Interbank deposits are assigned 3% interest, on average.

The middle of the relevant month is considered as the base

<sup>2</sup>50% for 1982, 45% for 1983

<sup>3</sup>50% for 1982, 20% for 1983

<sup>4</sup>Provisional

Source: The Middle East Business & Banking

## 7. DEPOSIT BANKS' CREDITS

The volume of credits extended by the deposit banks increased by 37.2 percent in 1982, to a total of 1,809.6 bn TL as against 1,318.7 bn TL in 1981, when the rate of increase was 67 percent. Considering that the real rate of inflation was approximately the same in both years, the volume of credit facilities extended in 1982 must be considered tighter than in the previous year.

Nonetheless in real terms, 1982 was the second consecutive year during the period 1977-1982 in which there was an increase in the volume of credits extended by the deposit banks; in each of the previous three years there had been decreases in the range of 9-17 percent per annum. Compared with the real rate of increase in credits in 1981, 32.9 percent, the real rate of increase in credits last year was considerably lower, only 9.9 percent.

In real terms, the volume of credit at the end of 1982 was still 7.8 percent below the 1977 level.

### DEPOSIT BANKS' CREDITS

(Million TL.)

Years	Deposit Banks' Credit	Wholesale Prices Index	Real Credit 1963 Prices	Percentage Change	Index of Real Credit
1977	238,288	584.8	40,747		100.0
1978	296,340	869.9	34,060	-16.4	83.6
1979	446,188	1577.8	28,279	-17.0	69.4
1980	789,515	3071.4	25,705	- 9.1	63.0
1981	1,318,688	3858.8	34,173	+32.9	83.9
1982	1,809,635	4816.5	37,572	+ 9.9	92.2

Source: Central Bank of Turkey, Annual Report 1982

### DISTRIBUTION OF BANK CREDITS BY ECONOMIC SECTORS

Sectors	1977	1978	1979	1980	1981	1982
	(%)					
Agriculture	20.6	17.8	18.5	18.5	20.2	19.7
Industry	41.6	40.2	35.0	35.8	34.8	32.2
Artisans	4.0	4.6	5.2	4.7	4.8	5.1
Construction	4.7	4.8	3.8	2.3	2.5	3.3
Tourism	0.2	0.2	0.1	0.2	0.2	0.1
Domestic Trade	10.3	11.8	10.5	9.4	11.2	15.0
Foreign Trade	6.7	6.9	6.2	7.5	9.4	24.0
Other Financial Institutions	-	-	-	-	0.05	0.3
Distribution not Disclosed	12.0	13.6	20.7	21.5	16.8	0.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Turkey, Annual Report, 1982

## 8. TOTAL CREDIT STOCK

The total credit stock increased by 29.8 percent in 1982. Although this was less than the 66.6 and 55.2 percent rates of increase attained, respectively in 1980 and 1981, it was the second year running in which the credit stock also increased in real terms. In fact, it increased by 3.9 in 1982, as against a rate of 23.6 percent in 1981. But in spite of these developments, the real level of real credit in 1982 was 21.6 percent below that of 1977.

### CREDIT STOCK

	Credit Stock			Real Credit Stock		
	Bn. TL.	Percentage Change	Index	At 1963 Prices Bn. TL.	Percentage Change	Index
1977	414.2		100.0	70.8		100.0
1978	526.0	27.0	127.0	60.5	-14.5	85.5
1979	796.1	51.3	192.2	50.5	-16.5	71.3
1980	1,326.3	66.6	320.2	43.2	-14.5	61.0
1981	2,059.1	55.2	497.1	53.4	+23.6	75.4
1982	2,672.5	29.8	645.2	55.5	+ 3.9	78.4

Source: Central Bank of Turkey, Annual Report 1982

The stabilization programme brought some limitations to the share of total credits provided to the public sector, that is to say to the public administrations and public enterprises.

In real terms, at the end of 1982, private firms and households had been allocated 1.7 percent more credits they had held at the end of 1977.

### REAL CREDIT STOCK

(Million TL.)

	1977	1978	1979	1980	1981	1982
Wholesale Price Index	584.8	869.9	1,577.8	3,071.4	3,858.8	4,816.5
Real Credit Stock	70,826	60,471	50,456	43,184	53,360	55,485
Central Bank	15,670	14,283	13,592	11,948	12,832	10,851
Deposit Banks	40,747	34,066	28,279	25,705	34,173	37,463
Development Banks	14,409	12,122	8,584	5,530	6,355	7,170
Private firms and households	35,877	30,760	25,113	22,439	31,892	36,484
Public administration and public ent.	34,949	29,711	25,343	20,745	21,468	19,001

On the other hand, in real terms, the public administrations and public enterprises at the end of 1982 held only 54 percent of their end-1977 credit stock.

In spite of these developments, credits to private firms and households still appear to be inadequate. Expressed on a per unit real GNP basis, credit at the end of 1982 was 8 percent lower than in 1977, assuming that credit needs per unit of real GNP have not changed between 1977 and 1982.

# DISTRIBUTION OF THE CREDIT STOCK

(Percentage)

	1977	1978	1979	1980	1981	1982
Central Bank	22.1	23.6	26.9	27.7	24.0	19.6
Public adminis.	11.1	10.7	11.5	14.2	12.7	10.0
Public enterprises	11.0	12.9	15.4	13.4	11.3	9.6
Commercial Banks	57.5	56.3	56.0	59.5	64.0	67.5
Public adminis.	1.8	1.8	1.4	0.8	0.8	0.6
Public enterprises	7.3	6.4	8.2	10.4	6.9	5.1
Private enterprises and households	48.5	48.1	46.5	48.3	56.2	61.8
Development and Investment Banks	20.3	20.0	17.0	12.8	11.9	12.9
Public enterprises	18.1	17.3	13.7	9.2	8.4	9.0
Private enterprises and households	2.2	2.7	3.3	3.6	3.5	4.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

Important changes in the composition of the credit stock have taken place during the last two years. The share of the Central Bank's share of total credit stock has been reduced from 27.7 percent in 1980 to 19.6 percent last year. In fact, both components of Central Bank credits have been reduced; Public Administrations to 10 percent from 14.2 percent in 1980 and Public Enterprises to 9.6 percent from 13.4 percent in 1980.

On the other hand, the commercial banks' share has increased from a low of 56.3 percent in 1979 to 67.5 percent in 1982. The change has been mostly in favour of private enterprises and households, the share of which increased from 46.5 in 1979 to 61.8 percent in 1982.

The share of development and investment Banks seems to have stabilized at around 12-13 percent, whereas it was of the order of 20 percent in 1977-1978. The decrease has taken place in the public enterprises' credit share, this having been reduced to 9

percent in 1982 from 18 percent in 1977; on the other hand, the share of private enterprises and households increased from 2.2 percent in 1977 to 4 percent in 1982.

In the last two years, private enterprises and households as a whole seem to have provided more funds to the deposit banks than they have used in the form of credits, participations and obligations. Previously, the private sector's uses and sourcings usually broke more or less even and in 1980 sourcings exceeded uses.

	Used by the Private Sector	Sourced by the Private Sector	(Million TL.) Difference
1978	260,660	254,805	-5.855
1979	380,835	381,791	+ 956
1980	660,259	645,502	-14.757
1981	1,231,339	1,350,141	+118.802
1982	1,948,945	2,305,489	+356.544

#### 9. TOTAL ASSETS OF THE BANKING SYSTEM

Total assets of Turkey's banking system, comprising the Central Bank's the Deposit Banks' and the Development and Investment Banks' assets, have decreased considerably as a percentage of GNP.

The following characteristics emerge from an analysis of the ratios of banking system assets to GNP:

- A continuous decrease of the ratio between 1970-1974 reaching a minimum in 1974.
- A continuous increase in the ratio between 1974-1977, reaching a maximum in 1977.
- A continuous decrease in the ratio between 1977-1980, reaching a new minimum in 1980, lower even than that of 1974
- An improvement in the ratio in 1981 and a probable further increase in 1982.
- The average ratio for the ten year period 1971-1980 was 69.6 with the minimum at 56 percent (1980) the maximum at 82.7 (1977).

The share prices index in the secondary market showed a continuous increase during 1982, with a share rise in the last two months of the year which took the average from 94.18 in January to 133.33 in December.

CAPITAL MARKET SHARE PRICE INDEX  
(January 1974 = 100)

	1975	1976	1977	1978	1979	1980	1981	1982
January	95.26	118.85	118.91	142.21	144.23	101.76	87.04	94.18
February	96.11	118.57	120.82	144.09	144.25	105.08	90.24	94.60
March	96.67	121.11	123.65	166.76	144.79	110.80	91.76	97.99
April	97.86	125.34	136.12	166.05	122.40	104.31	90.37	101.49
May	97.23	118.00	127.26	159.26	120.40	101.63	91.66	102.66
June	96.67	119.13	128.05	134.63	121.36	101.90	91.83	106.38
July	94.58	119.81	128.22	143.21	121.69	98.19	97.63	106.22
August	96.33	124.15	125.56	135.39	119.05	95.18	98.53	113.08
September	98.65	126.02	134.48	132.82	119.48	89.12	97.89	112.47
October	101.24	137.81	139.11	135.55	115.69	94.21	97.35	115.27
November	104.46	119.19	139.00	138.71	107.66	94.51	100.27	132.45
December	109.20	117.44	141.93	141.58	107.81	94.64	94.18	133.33

## 11. INFLATION

There are three main indices which may be used as indicators of inflation. The Wholesale Prices Index, a Consumer Price Index and the Implicit GNP Price Deflator. Most of the time, all three indices behave quite close to each other, but there are years when they diverge to a marked degree. A ten year average (1970-1979) for annual price change averages shows a rate of increase of 25.7 for the Wholesale Prices Index, 27 percent for the Istanbul Cost of Living Index and 26.8 percent for the implicit GNP deflator.

After four years of acceleration of the rate of inflation, the deceleration which started in 1981 continued in 1982. The Wholesale Prices Index increased by 25.2 percent, the implicit Price Deflator by 27.2 percent and the Istanbul Cost of Living Index by 32.7 percent.

The following Wholesale Prices Index table gives the rate of inflation in three different forms; the monthly rate of inflation for each month in comparison with the previous month, in comparison with the same month of the previous year and the rate of inflation from the end of the previous calendar year.

Considerable increases in the Wholesale Prices Index took place in the first four months of last year, and by April 1982 these brought the rate of price increases to 34.2 percent in comparison with April 1981.

INDICATORS OF INFLATION  
(Percentage Changes in Annual Averages)

	Wholesale Prices Index	Istanbul Cost of Living Index	Implicit GNP Deflator
1970	6.7	7.9	11.9
1971	15.9	19.0	18.3
1972	18.0	15.4	16.4
1973	20.5	14.0	22.1
1974	29.9	23.9	28.3
1975	10.1	21.2	16.1
1976	15.6	17.4	16.2
1977	24.1	26.0	25.0
1978	52.6	61.9	44.0
1979	63.9	63.5	69.6
1980	107.2	94.3	103.3
1981	36.8	37.6	41.9
1982	25.2	32.7	27.2

WHOLESALE PRICES INDEX

1963:100

YEAR Month	Index	Chain Index	Change with Respect to Corresponding Month of Previous Year	Change with Respect to End of Year
1981				
January	3211.2	4.6	86.4	4.6
February	3283.4	2.2	47.4	6.9
March	3256.6	-0.8	40.0	6.0
April	3230.8	-0.8	34.1	5.2
May	3301.0	2.2	33.1	7.5
June	3512.3	6.4	37.9	14.4
July	3517.7	0.2	37.8	14.5
August	3556.8	1.1	37.2	15.8
September	3661.6	2.9	36.6	19.2
October	3721.1	1.6	29.6	21.2
November	3794.9	2.0	27.3	23.6
December	3858.8	1.7	25.6	25.6
1982				
January	3998.9	3.6	24.5	3.6
February	4068.1	1.7	23.9	5.4
March	4226.7	3.9	29.8	9.5
April	4334.5	2.6	34.2	12.3
May	4372.8	0.9	32.5	13.3
June	4352.8	-0.5	23.9	12.8
July	4406.5	1.2	25.3	14.2
August	4463.0	1.3	25.5	15.7
September	4521.0	1.3	23.5	17.2
October	4510.9	-0.2	21.2	16.9
November	4593.9	1.8	21.1	19.1
December	4816.5	4.8	24.8	24.8



The increase in the Wholesale Prices Index in 1982 was mostly due to price increases in industrial raw materials, whereas food prices were mostly responsible for the increase in 1981.

PERCENTAGE CHANGES IN ANNUAL  
AVERAGES OF WHOLESALE  
AND  
COST OF LIVING INDICES

Year	Wholesale Prices Index			Istanbul Wage Earners' Cost of Living Index
	General	Food	Industrial Raw Materials	
1955	7.1	4.4	14.2	9.7
1956	16.8	18.4	14.2	11.3
1957	18.7	20.5	13.0	8.4
1958	15.1	7.3	32.6	12.8
1959	19.5	18.8	22.0	23.1
1960	5.2	7.3	1.5	6.6
1961	2.9	6.6	-3.7	4.2
1962	5.6	8.7	-	4.5
1963	4.3	4.3	3.8	10.0
1964	1.2	0.2	2.7	2.0
1965	8.1	10.1	4.9	5.7
1966	4.8	5.4	4.1	4.4
1967	7.6	6.6	9.0	6.1
1968	3.2	2.0	5.3	4.5
1969	7.2	8.1	5.9	4.9
1970	6.7	3.2	12.5	9.2
1971	15.9	14.2	18.5	17.1
1972	18.0	15.2	22.1	13.3
1973	20.5	21.5	19.0	14.3
1974	29.9	35.5	21.8	23.5
1975	10.1	17.2	-1.2	21.6
1976	15.6	15.0	16.6	16.9
1977	24.1	22.8	26.4	30.6
1978	52.6	45.1	65.9	69.0
1979	63.9	48.9	87.4	76.3
1980	107.2	100.4	115.8	75.6
1981	36.8	41.6	31.2	35.9
1982	25.2	21.2	30.3	34.5

The wholesale prices of selected commodity groups moved at differing rates during the past twenty years, which also happened to be the first period of planned economic development; prices of vegetables and food, textiles and paper did not increase as much as did those of livestock, leather and construction materials.

WHOLESALE PRICE INDECES  
1963=100

Istanbul Chamber of Commerce		(Annual Averages)				
Years	General Index	Percentage Change	Food & Fodder	Percentage Change	Raw Materials	Percentage Change
1973	236.7	21.0	221.1	24.5	271.3	33.8
1974	300.4	26.9	281.4	27.3	320.6	18.2
1975	334.6	11.4	337.5	11.9	336.4	4.9
1976	392.6	17.3	391.5	16.0	445.0	32.3
1977	504.3	28.5	487.9	24.6	605.0	35.9
1978	774.8	53.6	753.1	54.3	890.8	47.2
1979	1357.0	75.1	1206.0	60.1	1605.0	80.2
1980	2581.9	90.3	2275.0	88.6	2521.0	57.1
1981	3463.2	34.1	3077.9	35.3	3111.9	23.4
1982	4410.5	27.4	3963.5	28.8	3812.0	22.5

WHOLESALE PRICES OF SELECTED COMMODITY GROUPS  
(1963 = 100)

(Annual Averages)						
Year	Vegetable Food	Livestock	Textiles	Leather	Paper	Construction Materials
1970	127.0	179.1	123.9	140.5	117.1	151.3
1971	138.4	255.1	158.2	173.8	137.1	166.1
1972	153.4	331.5	189.6	285.2	154.6	187.4
1973	192.1	348.5	275.6	371.3	155.2	208.1
1974	281.6	371.0	341.4	361.8	221.8	252.6
1975	313.9	444.2	299.9	308.7	226.9	274.7
1976	355.4	621.3	397.9	374.1	228.0	383.3
1977	410.3	891.4	489.6	491.5	319.2	642.0
1978	549.3	1,322.5	681.3	1,047.3	568.3	963.4
1979	816.4	1,958.6	1,190.1	2,230.5	776.3	1,675.8
1980	1,755.5	3,805.8	2,134.9	3,786.3	2,093.5	3,157.4
1981	2,771.5	4,436.8	2,613.4	4,845.6	2,731.3	3,699.5
1982	3,303.7	5,672.7	3,463.9	6,056.4	3,239.1	4,801.5

Source: Ministry of Commerce

The cost of living indices show paralel changes with food prices having increased less than those of heating, lighting and clothing.

On a yearly basis food prices and heating and lighting costs in 1982 were at or below the rate of increase in the General Index, whilst clothing price increases were above it

The contrary was true in 1981, with food and heating and lighting above and clothing prices below the average.

# COST OF LIVING INDICES

(1963-100)

	General Index	Percentage Change	Food	Percentage Change	Heating Lighting	Percentage Change	Clothing	Percentage Change
ANKARA (Ministry of Commerce)								
1973	241.2	15.8	228.2	15.7	279.7	14.7	260.8	12.2
1974	278.4	15.4	260.4	14.1	315.5	12.8	304.7	16.8
1975	331.4	19.0	313.3	20.3	331.7	5.2	363.6	19.3
1976	385.9	16.4	375.0	19.7	349.8	5.5	417.8	14.9
1977	472.8	22.5	459.6	22.6	453.1	29.5	501.2	20.0
1978	724.8	53.3	650.0	41.4	760.0	67.7	889.3	77.4
1979	1174.2	62.0	1033.0	58.9	1297.2	70.6	1728.0	94.3
1980	2365.2	101.4	2205.1	113.5	3455.0	166.3	2895.8	67.6
1981	3168.2	34.0	3005.6	36.3	4850.0	40.4	3698.6	27.7
1982	4066.7	28.3	3875.2	28.9	6064.4	25.3	4822.8	30.4
ISTANBUL (Ministry of Commerce)								
1973	243.6	14.0	243.2	14.7	267.7	10.4	238.5	19.8
1974	301.8	23.9	297.4	22.3	338.9	26.6	308.9	29.5
1975	365.8	21.2	378.0	27.1	374.2	10.4	323.3	4.7
1976	429.6	17.4	458.5	21.3	461.2	23.4	340.8	5.4
1977	541.3	26.0	565.0	23.2	610.5	32.4	453.1	33.0
1978	876.3	61.9	864.4	53.0	1096.2	79.5	774.6	71.0
1979	1433.1	63.5	1332.5	54.1	2122.4	93.6	1514.6	95.5
1980	2784.1	94.3	2554.9	91.7	4403.8	107.5	2814.4	85.8
1981	3831.2	37.6	3502.8	37.1	5301.7	20.4	4052.1	44.0
1982	5083.0	32.7	4702.4	34.2	6453.2	21.7	5504.2	35.8
ISTANBUL (Chamber of Commerce)								
1973	217.3	14.3	227.8	17.2	248.3	10.1	201.1	21.4
1974	268.4	23.5	281.7	23.7	345.6	39.2	258.6	28.6
1975	326.6	21.6	357.1	26.8	375.8	8.7	277.8	7.4
1976	381.7	16.9	423.2	18.5	431.1	14.7	293.6	5.7
1977	498.4	30.6	537.2	27.1	557.7	29.4	384.1	30.8
1978	842.4	69.0	868.2	61.5	942.7	69.0	688.2	79.2
1979	1485.2	76.3	1387.8	59.8	1786.8	89.5	1665.4	142.0
1980	2608.2	75.6	2434.4	75.4	4141.7	131.8	2957.5	77.6
1981	3544.2	35.9	3450.2	41.7	5702.5	37.7	3858.0	30.4
1982	4767.3	34.5	4755.2	37.8	7074.7	24.1	5202.6	34.8

Consumer prices indices indicate regional discrepancies, with the highest rates of increase in Istanbul (30.9 percent) and Eskisehir (30.2 percent) and the lowest increases in Ordu (25.2 percent) and Ankara (25.8 percent.)

CONSUMER PRICE INDEX  
(1968:100)  
ANNUAL PERCENTAGE CHANGES

Cities	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Ankara	16.6	18.7	20.1	15.3	28.3	49.5	56.5	116.6	35.9	27.1
Istanbul	15.4	15.8	19.2	17.3	27.1	45.3	58.7	110.2	36.6	30.8
Izmir	16.7	17.5	20.9	16.5	30.1	45.8	57.3	107.0	39.3	27.1
Samsun	16.2	22.6	20.9	16.3	29.5	51.4	52.5	104.8	32.3	26.1
Eskişehir	15.0	16.9	21.3	17.0	28.3	46.5	52.2	117.0	35.6	30.2
Erzurum	17.5	22.0	21.4	13.9	27.8	46.0	59.4	106.9	35.1	25.7
Diyarbakır	15.7	18.9	19.3	18.6	25.8	43.3	54.8	113.7	37.2	29.2
Ordu	13.8	22.5	17.6	16.7	28.2	49.4	57.5	104.2	33.2	25.2

Internal Terms of Trade

Compared with food, increases were more pronounced in 1982 in prices of industrial goods and semi-manufactures. As a result, internal terms of trade deteriorated for food, decreasing the terms of trade for agricultural prices/industrial prices to 69.8 in 1982, from 75.4 in 1981. The deterioration is a result of the consistently higher prices of industrial raw materials since 1975, with the exception of 1981 when agricultural price increases exceeded the rises in industrial prices.

INTERNAL TERMS OF TRADE\*

Quarter	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
I	87.0	87.8	92.0	114.9	114.2	113.7	109.1	86.3	68.8	81.1	73.7
II	86.0	87.5	92.2	112.9	113.6	110.6	100.8	73.9	65.8	77.3	72.5
III	79.6	82.5	92.8	110.3	105.5	101.5	93.2	72.4	68.0	70.7	68.8
IV	82.4	84.4	102.9	112.2	112.2	101.8	85.5	68.6	74.7	72.6	66.9
Annual Average	83.4	85.1	94.7	112.3	110.8	106.9	97.1	75.3	69.5	75.4	69.8

\*Agricultural prices/industrial prices

Source: Ministry of Commerce, Wholesale Prices Indices

WHOLESALE PRICES INDEX  
(Yearly Average, Percentage Change)

	General Index	Food and Fodder	Industrial Raw Materials	Terms of Trade
1976	15.6	15.0	16.6	110.8
1977	24.1	22.8	26.4	106.9
1978	52.6	45.1	65.9	97.1
1979	63.9	48.9	87.4	75.3
1980	107.3	100.4	115.7	69.5
1981	36.8	41.6	31.2	75.4
1982	25.2	21.2	30.3	69.8

## 12. GOLD PRICES

Gold prices initially remained relatively stable, increasing at a much slower rate than inflation during the first seven month of the year. But prices rose very rapidly from August 1982 onwards the rates of increases for exceeding the corresponding rates of inflation. By December, the annual rate of increase in the gold ingot price had risen to 70 percent.

GOLD INGOT  
(Gr. 24 Carat)

(TL.)

Months	1981	1982	% Change
January	1835	1735	-5.5
February	1600	1850	15.6
March	1580	1815	14.9
April	1615	1750	8.4
May	1510	1780	17.9
June	1575	1730	9.8
July	1550	1765	13.9
August	1545	1980	28.2
September	1720	2400	39.5
October	1720	2350	36.6
November	1755	2585	47.3
December	1730	2940	69.9

GOLD REŞAT (Coin)

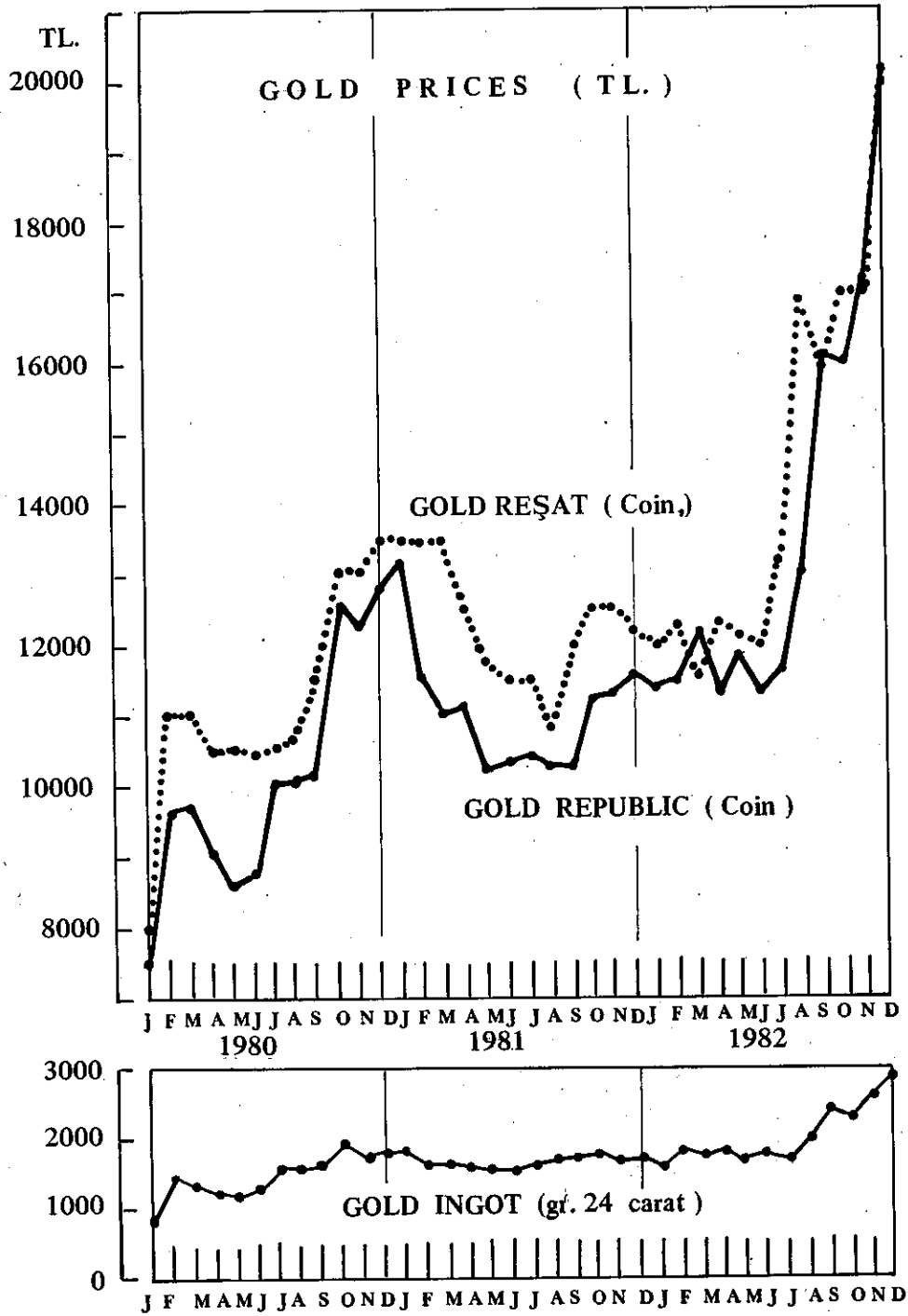
(TL.)

Months	1981	1982
January	13.500	12.000
February	13.500	12.250
March	13.500	12.500
April	12.500	11.550
May	11.750	12.400
June	11.500	12.200
July	11.500	12.000
August	10.800	13.250
September	12.000	17.000
October	12.500	16.000
November	12.500	17.000
December	12.250	20.000

GOLD REPUBLIC (Coin)

(TL.)

Months	1981	1982
January	13.200	11.500
February	11.600	12.200
March	11.000	12.000
April	11.200	11.200
May	10.300	11.850
June	10.450	11.475
July	10.300	11.675
August	10.250	13.000
September	11.250	16.100
October	11.300	15.900
November	11.650	17.200
December	11.400	20.200



## CHAPTER III

### FOREIGN ECONOMIC RELATIONS

The rationalisation of foreign economic relations was one of the most important objectives of the stabilization measures which were put into effect on January 25, 1980. Many of the practises which were rapidly pushing Turkey into an economic straitjacket have been subjected to radical changes as a result of the application of these measures over the past three years. Important steps have been taken towards a more realistic promotion of exports and exchange control policy has been made flexible by the daily adjustment of exchange rates in concert with international market fluctuations. As a result of these changes, exports increased at an extraordinary rate in 1981, and workers' remittances increased to a level which amounted to more than half the commodity exports total. Similar tendencies continue but the rate of export growth was less marked in 1982.

The new approach to Turkey's foreign economic relationships, applies, also to private foreign capital investment. The genuine encouragement of foreign investment has led many foreign banks to apply for authority to open branches in Turkey and a considerable number of these applications have been approved. New projects of sizeable dimensions, extension projects and capital increases in the manufacturing industries have likewise been authorised and implemented. All-in-all, the largely conservative approach which Turkey has traditionally tended to make towards private foreign capital has been replaced by a much more liberal understanding of the importance to the economy of investment from abroad.

Against these notable improvements, it became increasingly plain last year that foreign transactions are highly sensitive to the exchange rate policies of the day. Exchange rate policy, in this context, is meant to cover all the advantages and encouragements extended to those who earn and bring foreign exchange into the country. It therefore covers, for example, tax rebates on export earnings, reduced-rate interest charges on export credits, and the creation of opportunities for the exporter by allowing him the use of part of the foreign exchange he earns. At the same time, it has to be appreciated that these and other concessions to foreign exchange earners can and in fact do lead to the practise of complex multiple exchange rates.



However they may be disguised or explained, varying rates of exchange for the same unit of foreign currency inevitably lead to less effective general policies, to unintended inequalities and to the benefits being collected by many who have no legal or moral right there to.

It was in fact the negative consequences of these various concessions which brought the rise in export earnings virtually to a halt in the early months of 1983, and at the same time brought about a rise in currency rates on the parallel market.

It is of course impossible to abandon the present encouragements and the resultant multiple exchange rates altogether. In any economy in which at least some measure of currency control exists (and, in Turkey, it would be unrealistic to expect all controls to be lifted in the immediate future), there is bound to be a parallel or "black" market in which foreign exchange can be bought and sold at other than the official rates; in fact, it is not altogether unknown for governments to assist in the creation of such differences. But it is an entirely different matter for variable exchange rates to be applied to what are routine commercial transactions. It is to be expected, and certainly to be hoped, that such multiple exchange rates will have no place in business when, eventually, a free market in currency is established and external or partial convertibility is achieved.

Under pressure of changed conditions in traditional markets, Turkey has in recent years been engaged in the development of its economic relations with the middle east countries.

The foreign trade statistics are a major indicator of economic co-operation and from these it is to be observed that the Islamic countries' share of Turkey's total trade did not begin to expand until 1973. Until two or three years ago, the role of petroleum imports into Turkey was paramount in so far as this increase was concerned. But this situation began to change in 1980 and in particular, Turkey's total exports to the Islamic countries began to catch up, valuewise, with those to the EEC countries; indeed, in 1982, more exports went to the Islamic countries than to all the OECD countries combined. In addition, it is noteworthy that Turkish engineering and other contractors undertaking new projects in Islamic countries have provided new and important foreign exchange resources and also additional employment opportunities for Turkish labour.

The current account deficit was roughly halved in 1982, being reduced to a little over \$ 1 billion.

This was in spite of a \$ 247 mn deterioration in the invisibles balance as compared to 1981. Net receipts from tourism decreased by 5.4 percent and workers' remittances registered a fall of 12.2 percent in 1982.

The balance of capital movements increased during 1982 by 297 mn \$. The main growth was in programme credits, which increased by some \$ 167 mn, and in project credits, which increased by \$ 112 mn.

## 1. TURKEY'S FOREIGN TRADE

The volume of foreign trade has shown a substantial rise in recent years and this resulted in a significant increase in Turkey's share of total world trade.

However, the increase in the volume of trade resulted mainly from the rise in exports and the rise in imports was relatively much less marked.

Even so, imports, which amounted to 11.13 percent of Gross Domestic Products over the period 1975-79, jumped to 14.6 percent in 1980, to 15.3 percent in 1981 and to 16.5 percent in 1982. As a percentage of the GDP, exports amounted to 4 percent in the 1975-79 period. In 1980, there was a slight increase, to 5.3 percent; but in 1981 the increase in exports was explosive; as a result, exports as a percentage of the GDP amounted 8.1 percent in 1981 and to no less than 10.8 percent in 1982.

FOREIGN TRADE as PERCENTAGE  
of  
GROSS DOMESTIC PRODUCT

Years	Exports	Imports	Foreign Trade
1965-69	4.56	6.35	10.91
1970-74	5.13	9.47	14.60
1975-79	4.04	11.13	15.17
1980	5.35	14.55	19.90
1981	8.10	15.29	23.39
1982	10.76	16.45	27.21

From 1970, imports showed a continuous rise, which was interrupted only in 1978 and 1979 as a result of acute shortages of foreign exchange. On the other hand, exports as a percent of GDP, followed a different pattern. A continuous and gradual increase between 1969 and 1973 was followed by a decrease between 1973 and 1979. This last trend, when investigated for only yearly changes, shows a cyclical fluctuation with even years showing a better performance than odd years.

EXPORTS, IMPORTS & GROSS DOMESTIC PRODUCT

(Million TL.)

	Gross Domestic Product	Exports	Imports	Exports in GDP (%)	Imports in GDP (%)
1965	76,440.1	4,173.6	5,193.3	5.46	6.79
1966	90,775.5	4,414.6	6,521.9	4.86	7.18
1967	101,185.4	4,701.0	6,216.8	4.64	6.14
1968	112,190.1	4,467.8	6,934.1	3.98	6.18
1969	124,470.8	4,831.5	6,787.2	3.88	5.45
1970	145,490.8	6,407.7	9,598.1	4.40	6.60
1971	187,133.3	9,090.0	16,474.4	4.86	8.80
1972	232,114.8	11,875.9	21,564.1	5.12	9.29
1973	295,801.4	18,037.4	29,263.3	6.10	9.90
1974	409,746.2	21,197.3	52,310.8	5.17	12.77
1975	519,173.3	20,075.1	68,987.1	3.87	13.29
1976	663,936.9	30,775.5	82,940.8	4.64	12.49
1977	862,967.8	31,338.5	104,881.6	3.63	12.15
1978	1,274,780.7	55,357.9	113,290.1	4.34	8.89
1979	2,155,893.9	75,743.7	178,505.3	3.51	8.28
1980	4,327,983.7	231,703.9	629,743.8	5.35	14.55
1981	6,553,878.2	530,716.0	1,002,356.4	8.10	15.29
1982	8,714,533.1	937,311.0	1,433,489.4	10.76	16.45

The relative increase in the exports/GDP ratio between 1969 and 1973 resulted from the devaluation of the Lira in 1970, from the relative prosperity in the Western World and from prices which were either clearly below world levels or close to them.

On the other hand, several factors were responsible for the relative decrease in exports during the period 1973-1979; domestic price increases had reduced Turkey's competitiveness, and a buoyant domestic demand had competed with exports and thus limited the exportable surplus of a number of goods. Parallel to increasing prices, over-valuation of the Lira had again attained dangerous dimensions and last, but not least, Turkey's principal trading partners faced a recession. There was, however, a distinct improvement in most of these factors during 1980, 1981 and 1982.

The relative stagnation of exports during the 1974-79 period can also be observed by comparing Turkish Exports to World Exports.

TURKISH EXPORTS as a SHARE of WORLD EXPORTS  
(1965 - 1981)

(Million dollar)

	Turkish Exports	World Exports	Turkish Exports as a Share of World Exports %
1965	464	165,400	0.28
1966	490	181,300	0.27
1967	523	190,600	0.27
1968	496	212,900	0.23
1969	537	243,500	0.22
1970	588	280,300	0.21
1971	677	312,600	0.22
1972	885	376,600	0.23
1973	1,317	524,000	0.25
1974	1,532	771,700	0.20
1975	1,401	796,500	0.18
1976	1,960	907,400	0.22
1977	1,753	1,030,500	0.17
1978	2,283	1,193,399	0.19
1979	2,261	1,507,800	0.15
1980	2,910	1,840,000	0.16
1981	4,703	1,800,000	0.26
1982	5,746	1,920,000	0.30

TURKISH EXPORTS as  
PERCENTAGE of WORLD EXPORTS  
(1950 - 1979)

	%
1950 - 1954	0.47
1955 - 1959	0.34
1960 - 1964	0.29
1965 - 1969	0.25
1970 - 1974	0.22
1975 - 1979	0.18
1980	0.16
1981	0.26
1982	0.30

Source: International Financial Statistics

Between 1950 and 1978, Turkey's share of world exports decreased steadily from 0.47 percent in the first half of the 1950's to 0.22 percent in the first half of the 1970's and to 0.18 percent in the second half. Unlike many other countries, Turkey has not yet been able to adjust to the changed momentum of world trade.

Under these circumstances, it is not surprising that whereas exports were able to finance 81 percent of total imports in 1965, they covered only 30 percent of the total in 1977 and 36.8 percent in 1980. However export/import ratios have since considerably improved, to 52.6 percent in 1981 and to a very creditable 65.8 percent in 1982.

GROWTH OF TURKEY'S FOREIGN TRADE  
(1965=100)

	Imports	Exports	Foreign Trade	Trade Deficit	Export/Import Ratio
1965	100	100	100	100	81.3
1966	126	106	117	210	68.3
1967	120	113	117	150	76.3
1968	134	107	122	247	65.0
1969	140	116	129	244	67.0
1970	166	127	148	332	62.1
1971	205	146	178	457	57.8
1972	273	191	236	626	56.7
1973	365	284	329	712	63.1
1974	660	330	513	2075	40.6
1975	828	302	593	3084	29.6
1976	897	422	684	2934	38.2
1977	1013	378	729	3744	30.2
1978	804	493	665	2140	48.8
1979	886	487	708	2600	44.6
1980	1382	627	1044	4629	36.8
1981	1562	1014	1316	3917	52.6
1982	1527	1239	1397	2762	65.8

Taking 1965 as 100, the import index rose to 1562 in 1981 whilst during the same period the export index rose only to 1041.

SHARE OF EXPORTS & IMPORTS  
IN TOTAL VOLUME OF TRADE

	Total Volume of Trade (mn \$)	Share of Imports (%)	Share of Exports (%)
1965	1036	55.22	44.78
1966	1209	59.42	40.58
1967	1207	56.72	43.28
1968	1260	60.60	39.40
1969	1338	59.88	40.12
1970	1536	61.69	38.31
1971	1847	63.38	36.62
1972	2448	63.84	36.16
1973	3402	61.32	38.68
1974	5310	71.14	28.86
1975	6140	77.18	22.82
1976	7089	72.35	27.65
1977	7549	76.78	23.22
1978	6887	66.78	33.22
1979	7331	69.15	30.85
1980	10819	73.11	26.89
1981	13636	65.51	34.49
1982	14480	60.32	39.68

## 2. EXPORTS

Turkish exports have traditionally been heavily concentrated in agricultural products and in spite of a decrease in the relative importance of agricultural exports from approximately 80 percent of the national total in 1965 to 57.5 percent in 1980, agriculture continued to dominate exports. This situation changed drastically as from 1981 and agricultural products' share of total exports dropped to 37.3 percent in 1982. Exports of industrial goods doubled their share during the same period, rising from 19.58 percent of the total in 1965, to 36 percent in 1980, to 48.7 percent in 1981 and to no less than 59.71 percent in 1982.

The following table, based on the Turkish Classification of Exports, in fact classifies a number of agricultural products which have been subjected to a simple processing (e.g. refining) as industrial products. The table should be interpreted with this qualification in mind.

TURKEY'S EXPORTS by MAIN SECTORS

(Thousand \$)

	Agriculture	%	Mining	%	Industry	%
1965	351,962	75.90	20,979	4.52	90,797	19.58
1966	379,069	77.28	23,155	4.72	88,284	18.00
1967	420,399	80.48	20,735	3.97	81,200	15.55
1968	406,566	81.90	26,055	5.25	63,788	12.85
1969	405,016	75.45	34,865	6.49	96,953	18.06
1970	442,554	75.20	45,427	7.72	100,495	17.08
1971	491,303	72.61	48,899	7.23	136,399	20.16
1972	607,388	68.63	50,254	5.68	227,327	25.69
1973	831,968	63.17	56,465	4.29	428,651	32.54
1974	851,865	55.60	88,280	5.76	592,037	38.64
1975	792,630	56.57	105,565	7.54	502,879	35.89
1976	1,254,408	63.69	110,016	5.61	595,790	30.40
1977	1,041,401	59.41	125,851	7.18	585,774	33.41
1978	1,542,800	67.4	124,135	5.4	621,3	27.20
1979	1,343,600	59.4	132,500	5.9	785,082	34.7
1980	1,671,742	57.4	190,994	6.6	1,047,386	36.0
1981	2,219,409	47.2	193,406	4.1	2,290,119	48.7
1982*	2,141,121	37.3	175,322	3.01	3,429,438	59.71

\*Provisional

EXPORT  
(Monthly)

(Million \$)

	1978	%	1979	%	1980	%	1981	%	1982	%
January	151.2	-16.1	216.2	43.0	236.3	9.3	410.6	73.8	446.1	8.6
February	169.9	9.3	249.3	46.7	244.2	-2.1	306.6	25.6	410.2	33.8
March	159.1	1.9	196.2	2.3	233.6	19.1	304.2	20.2	447.3	47.0
April	182.7	20.9	107.4	2.6	219.0	16.9	316.1	44.3	402.1	27.2
May	138.7	20.3	162.5	17.2	196.5	20.9	294.4	49.8	414.5	40.8
June	162.1	29.4	167.2	3.1	169.3	1.3	325.3	92.1	419.6	29.0
July	143.4	39.2	146.3	2.3	167.1	14.2	315.8	89.0	412.7	30.7
August	167.0	65.4	162.0	-3.0	179.9	11.1	335.8	86.7	408.4	24.6
September	161.4	64.3	168.4	4.3	219.8	30.5	399.9	82.0	456.4	14.1
October	212.7	57.3	174.7	-17.9	260.7	49.2	406.6	69.2	560.0	15.1
November	258.8	61.5	212.8	-17.8	326.5	53.4	552.3	69.2	604.7	9.5
December	381.2	43.4	218.2	-42.8	457.2	109.5	655.3	43.3	764.0	16.6
Total	2,288.2	30.5	2,261.2	- 1.2	2,910.2	28.7	4,702.9	61.6	5,746.0	22.0

EXPORT  
(Cumulative)

	1978	%	1979	%	1980	%	1981	%	1982	%
January	151.2	-16.1	216.2	43.0	236.3	9.3	410.6	73.8	446.1	8.6
February	321.1	- 4.3	465.5	45.0	480.5	3.2	717.2	49.3	856.3	19.4
March	480.2	- 2.4	661.7	37.8	714.1	7.9	1,021.4	43.0	1,303.6	27.6
April	662.9	3.1	849.1	28.1	933.1	9.9	1,337.5	43.3	1,705.7	27.5
May	801.6	5.7	1,011.6	26.2	1,129.6	11.7	1,631.9	44.5	2,120.2	29.9
June	963.7	9.1	1,178.8	22.3	1,298.9	10.2	1,957.2	50.7	2,539.8	29.8
July	1,107.1	12.2	1,325.1	19.7	1,466.0	10.6	2,273.0	55.1	2,952.5	29.9
August	1,204.1	10.1	1,487.1	16.7	1,645.9	10.7	2,608.8	58.5	3,360.9	28.8
September	1,435.5	20.5	1,655.5	15.3	1,865.7	12.7	3,008.7	61.3	3,817.3	26.9
October	1,648.2	24.2	1,830.2	11.0	2,126.5	16.2	3,495.4	64.4	4,377.3	25.2
November	1,907.0	28.2	2,043.0	7.1	2,453.0	20.1	4,047.4	65.0	4,982.0	23.1
December	2,288.2	30.5	2,261.2	- 1.2	2,910.2	28.7	4,702.9	61.6	5,746.0	22.2

### Composition of Turkish Exports

The following table shows the composition of Turkey's exports in 1981 and 1982. Comparing the figures for the two years, it will be seen that there have been marked changes. It is of special importance that the share of industrial products went up to 59.7 percent in 1982 as compared with 48.7 percent in 1981 and that the share of agriculture and livestock correspondingly dropped from 47.2 percent in 1981 to 37.3 percent in 1982.

### EXPORTS

	1 9 8 1		1 9 8 2	
	(Tonnes)	(000 \$)	(Tonnes)	(000 \$)
AGRICULTURE & LIVESTOCK		2,219,409		2,141,213
A. Crops		1,922,631		1,699,473
a) Cereal		110,425		130,224
- Wheat	315,536	53,785	296,209	50,880
- Barley	306,809	56,309	461,968	78,704
- Others	-	331	-	640
b) Pulses		215,862		207,098
c) Industrial Crops		774,569		686,502
- Tobacco	130,969	395,013	104,906	348,320
- Cotton	205,995	348,265	216,975	296,594
- Others		31,291		41,588
d) Fruit & Vegetables		795,106		648,615
- Figs (dried)	35,948	35,344	38,055	33,466
- Raisins (dried)	99,688	130,226	101,236	100,320
- Hazelnuts	105,261	301,764	116,989	240,695
- Pistachios	2,349	19,178	2,744	14,836
- Other Hard Shelled Fruits	14,418	23,276	9,208	20,229
- Oranges, Tangerines	143,104	58,043	91,114	29,115
- Lemons	119,677	62,726	124,533	45,295
- Other Citrus Fruit	13,674	4,175	12,973	2,960
- Other Fresh Fruit	168,212	74,063	171,185	59,358
- Others	10,894	26,257	15,184	29,051
- Vegetables	213,949	60,054	367,632	72,290
e) Seeds, Oil Seeds	-	25,467	-	25,612
f) Other Crops	-	1,382	-	1,422
B. Livestock & Livestock Products		258,209		389,691
a) Livestock		233,275		351,236
b) Wool, Hair		18,157		18,247
c) Raw Skins, Game Skins		187		83
d) Other Livestock Products		6,590		20,125
C. Fishery Products		26,602		23,997
a) Edible Fishery Products		20,164		20,453
b) Other Fishery Products		6,438		3,544
D. Forestry Products		11,967		28,052
MINING & QUARRYING PRODUCTS		193,406		175,322
a) Non-metallic Quarrying Products		161,488		149,215
b) Mineral Ores		31,643		25,188
c) Fuels		9		682
d) Other Mining Products		266		237



	1 9 8 1		1 9 8 2	
	(Tonnes)	(000 \$)	(Tonnes)	(000 \$)
INDUSTRIAL PRODUCTS		2,290,119		3,429,438
A. Agriculture Based				
Processed Products		411,667		568,225
a) Food Industry Products		366,817		496,982
b) Food Industry By-Products		536		4,190
c) Processed Tobacco Products		135		47
d) Processed Forestry Products		7,890		14,069
e) Processed Textile Fibres		36,289		52,937
B. Processed Petroleum Products		106,971		343,910
a) Petrol	206,973	68,495	300,988	93,420
b) Jet Engine Fuel	96,424	31,183	243,575	73,659
c) Kerosene	20,318	6,985	145,813	46,281
d) Gasoil	-	-	40,115	11,681
e) Fuel Oil	23	33	730,929	118,272
f) Others	-	275	-	597
C. Manufactured Products		771,481		2,517,303
a) Cement Industry Products		198,469		206,620
- Portland	3,356,507	194,753	3,368,993	180,160
- Others	-	3,714	-	26,460
b) Chemical Industry Pro.		93,787		147,931
c) Rubber & Plastics		71,792		60,437
d) Leather-Hides Processing Ind.		82,055		111,374
e) Forestry Products Ind.		19,660		33,376
f) Textile Industry Pro.		802,813		1,056,302
- Cotton Yarn	91,940	230,559	90,830	218,278
- Synthetic and Artificial				
Fibres	3,551	22,876	4,280	23,297
- Grey Cloth	3,174	9,372	8,689	25,589
- Other Cotton Textiles	3,365	20,734	10,776	62,568
- Carpets, Kilims	3,246	155,493	2,750	204,270
- Ready-to wear Clothing	8,694	201,105	11,892	259,733
- Others		162,674		262,567
g) Glass & Ceramics Ind.Prod.		102,125		103,748
h) Metal Goods Ind.Prod.		100,169		362,204
i) Non-Ferrous Metals Ind.Prod.		29,838		44,601
j) Metal Goods Ind.Prod.		20,245		27,250
k) Machinery Manufacturing Ind.Prod.		64,767		115,723
l) Electrical Appliances Ind.		26,145		75,198
m) Motor Vehicles Ind.Prod.		117,516		110,230
n) Other Industrial Prod.		42,101		62,309
GRAND TOTAL		4,702,934		5,745,973

The slowdown to be observed in the rate of increase in exports in 1982 can partly be explained by the quantitative restrictions imposed by the EEC on such major Turkish export products as cotton yarn, clothing and certain agricultural products. There were also some difficulties as regards trade with Iran and Libya.

If these problems continue to exist in 1983, they will be bound to have a negative impact on export volume and the year's export targets may not in fact be realized.

The share of total exports held by six traditionally important export products declined from 27 percent in 1981 to 19 percent in 1982.

#### EXPORTS OF TRADITIONAL PRODUCTS

	(000 \$)		
	1981	1982	1982/81 %
Figs	35,344	33,487	- 5.3
Raisins	130,226	100,323	-23.0
Hazelnut	301,772	240,694	-20.2
Tobacco	395,013	348,339	-11.8
Cotton	360,944	308,135	-14.6
Wheat	53,785	50,879	- 5.4

There are also some structural problems related to Turkey's export performance. For example, there are criticisms directed against the present application of the exports promotion system; one of these criticisms concerns the calculation of the amount of tax rebates. It is argued that this calculation is not based on solid foundations and that it could therefore distort the pattern of domestic and foreign competition. The second criticism directed against the export promotion measures is that they are too generalised and are applied equally to too large a number of sectors and products; it is considered that their application should be much more selective. The third criticism concerns the measures' negative impact on the foreign exchange system; that is to say that, in practise, the measures create a very complex system of multiple exchange rates.

Since 1980, a certain commodity and geographic diversification of Turkish exports is to be observed but the degree of concentration,

both commodity-wise and geographically, is still too high. This not only limits Turkey's bargaining power in world markets but it also makes the country vulnerable to fluctuations in production volume and to changes in demand in certain major markets.

# SECTORAL RATES OF INCREASE IN EXPORTS

	(%)							
	1963/ 1967	1967/ 1972	1972/ 1977	1978	1979	1980	1981	1982
I. Agriculture & Livestock Sector	9.9	7.3	11.4	48.1	-12.9	24.4	32.8	- 3.5
1)Cereals & Pulses	- 4.2	39.8	27.2	117.6	-37.5	10.3	80.2	3.4
2)Fruits & Vegetables	11.0	8.3	17.4	27.4	15.6	16.5	5.5	-18.5
a)Hazelnuts	9.0	6.8	16.6	31.8	6.7	11.9	-23.6	-20.3
b)Raisins	8.1	6.1	19.7	32.9	15.2	13.5	- 0.1	-22.7
c)Others	11.8	14.4	17.7	14.0		27.2	-30.9	-15.4
3)Industrial Products	13.8	5.7	4.9	45.8	-29.2	37.6	32.8	-10.1
a)Tobacco	15.3	2.1	6.1	28.1	-21.4	32.1	69.0	-11.8
b)Cotton	13.4	7.8	1.9	65.8	-34.6	41.6	8.0	-14.7
c)Others	-	18.1	22.2	2.0	- 4.4	40.0	16.7	18.0
4)Livestock & Pro.	- 9.2	1.1	6.6	109.2		74.4	138.7	45.2
5)Fishery Products	18.4	9.6	4.8	110.6		4.6	17.0	
II. Mining & Quarrying Products	17.6	11.1	29.1	- 1.4	6.5	44.2	1.3	- 9.4
III. Industrial Products	3.7	26.5	19.3	6.1	26.2	33.4	118.7	49.8
1)Food & Beverages	2.9	12.9	7.9	-25.4	37.3	38.6	93.1	38.1
2)Textiles	-	57.6	37.1	18.9	22.3	12.4	89.2	31.6
3)Forestry Products	- 1.8	27.7	- 9.4	10.7	50.0	165.7	353.6	69.7
4)Hides & Leather	28.0	162.8	19.3	-22.8	10.0	13.5	65.7	35.7
5)Chemical Industry	15.5	32.4	26.2	-29.1	0	218.7	23.4	57.7
6)Petroleum Products	56.5	133.3	-100.0	-	-	-	117.8	221.5
7)Cement Industry	-100.0	(+)	- 9.6	330.9	2.3	-11.8	401.4	4.1
8)Glass & Ceramics	- 9.3	65.8	49.4	9.7	23.3	- 3.1	184.3	1.5
9)Non-Ferrous Metals	29.3	-18.7	27.7	-42.4	25.0	25.8	62.8	49.5
10)Iron & Steel Ind.	47.2	34.4	14.4	47.2	47.6	9.2	195.2	261.5
11)Metal Pro. & Mach.	50.5	84.7	28.0	28.1	0	64.4	150.3	34.6
12)Electrical Appliances	(+)	74.2	28.0	22.0	0	154.2	128.3	487.6
13)Vehicles	24.5	86.7	102.2	-33.9	150.0	89.0	133.7	- 6.3
14)Others	19.8	40.4	5.3	9.5	100.0	43.7	315.8	48.3

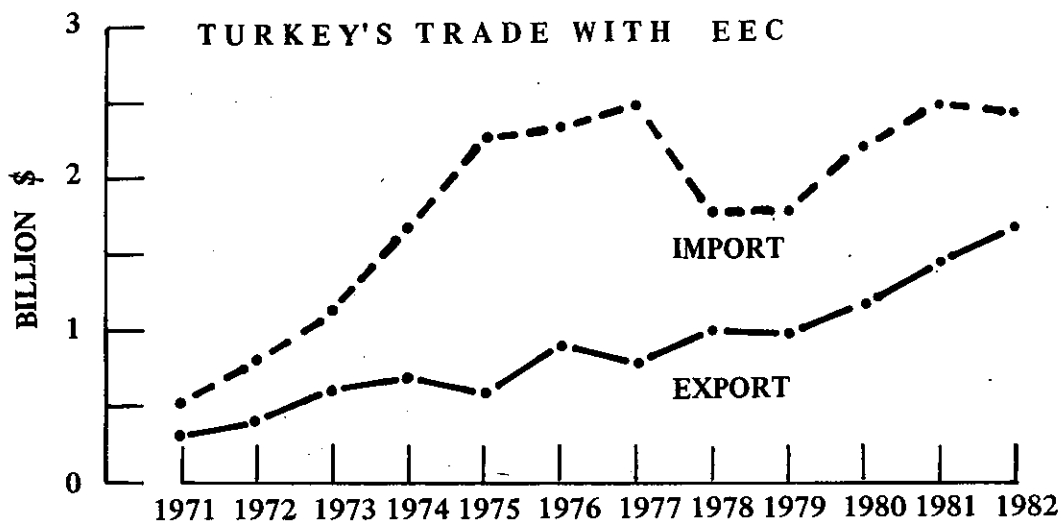
### Geographical Distribution of Exports

The geographical distribution of exports again changed drastically in 1982. The OECD countries' share of exports decreased from 48.1 percent of total exports in 1981 to 44.5 percent last year.

Exports to the Bilateral Trading Agreement Countries fell from 4.26 percent to 2.2 percent of total exports and those to Free Exchange Agreement countries increased from 42.9 percent to 48.1 percent.

Exports to the COMECON countries decreased to 5.6 percent of total exports in 1982 from 6.8 percent in 1981. The decrease was most notable in the case of the Soviet Union.

On the other hand, exports to the Islamic countries showed a remarkable rise, from 44.9 percent of total exports in 1981 to 49.9 percent in 1982.



GEOGRAPHICAL DISTRIBUTION OF EXPORTS

	(000 \$)		(000 \$)	
	1 9 8 1	(%)	1 9 8 2	(%)
OECD COUNTRIES	2,263,704	48.13	2,556,036	44.48
A. EEC Countries	1,502,910	31.96	1,755,404	30.55
- West Germany	643,245	13.68	707,448	12.31
- Belgium - Luxemburg	93,747	1.99	88,312	1.54
- Denmark	6,815	0.14	9,831	0.17
- France	215,721	4.59	194,826	3.39
- Holland	95,963	2.04	104,750	1.82
- United Kingdom	147,961	3.15	189,029	3.29
- Ireland	5,984	0.13	3,839	0.07
- Italy	246,096	5.02	327,492	5.70
- Greece	47,378	1.01	129,877	2.26
B. Other OECD Countries	760,794	16.17	800,632	13.93
- Austria	95,694	2.03	90,222	1.57
- U.S.A.	267,731	5.69	251,598	4.38
- Switzerland	263,731	5.61	323,860	5.64
- Japan	35,316	0.84	43,213	0.74
- Others	98,322		91,739	1.60
BILATERAL AGREEMENT COUNTRIES	200,573	4.26	124,604	2.17
- U.S.S.R.	193,688	4.12	124,035	2.16
- Albania	6,885	0.14	569	0.01
FREE EXCHANGE AGREEMENT COUNTRIES	2,018,367	42.92	2,763,146	48.09
A. Free Exchange Agreement Countries	126,309	2.69	198,567	3.46
B. Free Exchange Agreement Middle East and North Africa Countries	1,892,058	40.23	2,564,579	44.63
- Algeria	30,776	0.65	124,958	2.16
- Iraq	559,001	11.89	610,437	10.62
- Iran	233,693	4.97	791,066	13.77
- Libya	441,547	9.39	234,596	4.08
- Egypt	72,135	1.53	145,031	2.52
- Sudan	7,061	0.15	5,766	0.10
- Syria	129,412	2.75	63,154	1.10
- Saudi Arabia	187,428	3.99	357,884	6.23
- Tunisia	15,008	0.32	24,369	0.42
- Jordan	97,079	2.06	104,735	1.82
- Others	118,918	2.53	102,583	1.79
OTHER COUNTRIES	220,290	4.69	302,187	5.26
A. Middle - East Countries	165,961	3.53	227,406	3.96
- Abudabi	1,907	1.16	6,596	0.11
- Bahrain			1,101	0.02
- Qatar	2,920	0.06	3,909	0.07
- Umman			2,654	0.05
- Dubai	4,688	0.10	14,645	0.25
- Kuveyt	70,975	1.51	86,915	1.51
- Lebanon	85,472	1.82	111,586	1.94
B. Others	54,329	1.16	74,781	1.30
- Nigeria	11,241	0.24	11,182	0.19
- Others	43,088	0.92	63,599	1.11
T O T A L	4,702,934	100.00	5,745,973	100.00

### 3. IMPORTS

Over the period 1972-1977, imports increased by an annual average rate of over 30 percent. But in 1978, imports fell by 20.7 percent, increased by a modest 10.2 percent in 1979, rose by no less than 51.2 percent in 1980, increased by 16.5 percent in 1981 and then decreased by 2.2 percent in 1982.

Raw materials constituted almost 71.3 percent of total imports in 1982; machinery and other investment goods accounted for a further 26.6 percent and consumer goods made up the modest remainder of 2.1 percent. An analysis of 1982 imports by sources of finance reveals some changes as compared with 1981. In all programme (i.e. own resources) imports represented 90.1 percent of the total, as against 90.8 percent in 1981 but "Liberalised" imports represented 86.0 percent as against 79.7 percent and Quota imports were down from 9.3 to 3.1 percent; there was also a fall in Bilateral Agreement imports. In so far as self-financing imports were concerned, there was no important change in foreign investment but imports against foreign project credits increased from 7.2 to 8.6 percent of the overall total.

#### IMPORT (Monthly)

(Billion \$)

	1978	%	1979	%	1980	%	1981	%	1982	%
January	184.2	-65.2	279.0	51.5	433.3	50.7	781.9	86.0	607.9	-22.2
February	495.2	22.2	390.0	-21.3	595.3	52.8	843.7	41.7	667.6	-20.9
March	283.2	-38.6	525.8	85.7	370.1	-29.6	677.5	83.0	684.8	+1.1
April	439.5	-27.1	386.7	-12.0	366.5	-5.2	652.5	78.0	759.6	+16.4
May	439.6	17.8	335.9	-23.9	692.5	106.2	759.9	9.7	768.7	+1.2
June	396.7	-31.8	486.9	22.7	556.9	14.4	669.1	30.4	734.7	+9.8
July	293.4	-31.4	272.0	-7.3	629.9	127.9	777.1	25.3	678.2	-12.7
August	244.7	-61.3	334.1	36.5	584.1	74.8	663.0	13.5	654.0	-1.4
September	376.4	-21.1	621.9	65.2	1,137.2	82.9	689.1	-39.4	645.2	-6.4
October	417.6	12.9	436.9	4.6	966.6	106.8	657.2	-27.2	720.5	+9.6
November	418.1	19.6	358.4	-14.3	521.8	44.2	800.1	54.8	755.9	-5.5
December	610.4	5.7	642.4	5.2	995.2	40.8	962.2	6.5	1,057.4	9.9
Total	4,559.0	-20.3	5,069.4	10.2	7,909.4	51.2	8,933.4	16.5	8,734.4	-2.2

#### IMPORT (Cumulative)

(Billion \$)

	1978	%	1979	%	1980	%	1981	%	1982	%
January	184.2	-65.8	279.0	51.5	433.3	50.7	781.9	80.4	607.9	-22.2
February	679.2	-28.0	668.9	-1.6	1,015.6	51.8	1,626.6	60.1	1,275.5	-21.5
March	962.7	-31.5	1,194.4	24.1	1,385.7	16.0	2,303.1	65.8	1,960.3	-14.9
April	1,402.2	-30.2	1,581.1	12.8	1,752.2	10.8	2,955.6	68.3	2,719.9	-8.0
May	1,841.8	-22.7	1,917.0	4.1	2,444.7	27.5	3,715.5	51.7	3,488.6	-5.8
June	2,238.5	-24.4	2,403.9	7.4	3,001.6	24.9	4,304.6	47.7	4,223.3	-1.9
July	2,531.9	-25.3	2,675.9	5.7	3,621.4	35.3	5,161.7	43.8	4,901.5	-5.0
August	2,776.7	-31.0	3,010.0	8.4	4,205.5	39.7	5,824.7	39.5	5,535.5	-4.6
September	3,153.0	-29.9	3,631.9	15.2	5,432.6	47.1	6,513.8	22.7	6,200.7	-4.8
October	3,570.6	-26.7	4,068.8	14.0	6,246.3	53.5	7,171.0	14.4	6,921.2	-3.5
November	3,988.7	-23.6	4,427.2	11.0	6,763.1	52.8	7,971.1	17.5	7,677.1	-3.7
December	4,599.1	-20.7	5,069.4	10.2	7,909.4	51.3	8,933.4	12.7	8,734.4	-2.2

IMPORTS

	1 9 8 1		1 9 8 2	
	(Tons)	(000 \$)	(Tons)	(000 \$)
AGRICULTURAL & LIVESTOCK SECTOR		124,933		176,050
- Wheat	272,309	47,461	525,282	91,624
- Rice	26,316	10,800	20,431	9,836
- Merines Wool	9,140	40,154	6,632	32,571
- Skins	3,477	5,457	3,077	5,272
- Cocoa	2,526	5,984	3,089	6,853
- Others	-	15,077	-	29,894
MINING & QUARRYING		3,478,013		3,630,893
- Crude Oil	11,601,502	3,257,502	13,450,826	3,418,567
- Others	-	220,511	-	212,326
INDUSTRY SECTOR		5,261,413		4,878,376
1) Agriculture Based				
Processed Products		228,700		175,753
- Paper	39,520	24,009	67,689	27,666
- Oils & Fats	16,896	13,102	41,729	23,408
- Processed Textile Fibres	15,625	33,680	19,982	40,247
- Suet	19,884	13,589	21,805	12,625
- Soya Oil	134,856	77,431	136,332	65,566
- Others	-	66,889	-	6,241
2) Petroleum Products	2,267,770	620,752	906,112	220,928
- Fuel Oil	943,695	194,626	257,619	43,168
- Kerosene	403,627	136,133	431,515	123,751
- Motorin	843,375	259,631	150,023	30,724
- Others	-	30,362	-	23,285
3) Industrial Products		4,411,961		4,481,695
- Cement		439		492
- Chemicals		1,198,944		890,444
-- Fertilizers	1,186,418	254,835	399,296	51,041
-- Others	-	944,109	-	839,403
- Rubber & Plastics		239,758		236,534
- Leather & Hides		639		301
- Forestry Products		2,294		6,115
- Textiles		78,023		103,222
- Glass & Ceramics		39,836		34,056
- Iron & Steel Industry Products		604,731		591,858
- Non-Ferrous Metals		140,939		122,343
- Metal Goods		22,802		37,406
- Machinery Industry		1,222,757		1,308,611
- Electrical Appliances		336,092		374,073
- Motor Vehicles		355,902		594,075
- Others		168,805		182,165
IMPORTS WITH WAIVER		69,015		49,015
GRAND TOTAL		8,933,374		8,734,414

# SHARE OF COMMODITY GROUPS

	(%)						(%)		
	1963	1967	1972	1977	1978	1979	1980	1981	1982
1) Investment Goods	45.8	47.2	50.1	38.9	34.6	31.5	20.0	24.7	26.6
- Construction Materials	6.1	4.4	5.5	3.6	3.0	3.0	1.9	1.9	2.4
- Machinery Equipment	39.7	42.8	44.6	35.3	31.6	28.5	18.1	22.8	24.2
2) Raw Materials	48.8	47.9	45.2	58.0	62.6	66.6	77.9	73.3	71.3
3) Consumption Goods	5.4	4.9	4.7	3.7	2.9	1.9	2.1	2.0	2.1
T o t a l	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

# IMPORTS by COMMODITY GROUPS

(\$ Thousands)

	1978		1979		1980		1981		1982	
	Value	%	Value	%	Value	%	Value	%	Value	%
INVESTMENT GOODS	1,590	34.6	1,596	31.5	1,581	20.0	2,207	24.7	2,324	26.6
- Construction Materials	138	3.0	152	3.0	152	1.9	167	1.9	210	2.4
- Machinery & Equipment	1,453	31.6	1,444	28.5	1,429	18.1	2,040	22.8	2,113	24.2
RAW MATERIALS	2,876	62.5	3,377	66.6	6,158	77.9	6,547	73.3	6,229	71.3
CONSUMER GOODS	133	2.9	96	1.9	170	2.1	179	2.0	182	2.1
GRAND TOTAL	4,599	100.0	5,069	100.0	7,909	100.0	8,933	100.0	8,734	100.0

# IMPORTS by SOURCE OF FINANCE

(Million \$)

	1978		1979		1980		1981		1982	
	Value	%	Value	%	Value	%	Value	%	Value	%
Programme Imports	4,048	88.0	4,479	88.4	7,204	91.1	8,117	90.8	7,874	90.1
- Liberalization List	3,200	69.6	3,397	67.0	6,087	77.0	7,126	79.7	7,515	86.0
- Quota List	784	17.0	973	19.2	947	12.0	831	9.3	272	3.1
- Bilateral Agr.	64	1.4	109	2.2	170	2.1	160	1.8	87	1.0
Self Financing Imports	551	12.0	590	11.6	705	8.9	819	9.2	858	9.9
- NATO Infrastructure	12	0.3	11	0.2	18	0.2	16	0.1	14	0.2
- Private Foreign Capital	23	0.5	71	1.4	33	0.4	43	0.5	41	0.5
- Project Credit Related	394	8.5	356	7.0	547	6.9	642	7.2	754	8.6
- Import With Waiver*	119	2.6	123	2.4	95	1.2	69	0.8	49	0.6
- Others	3	0.1	29	0.6	12	0.1	48	0.4		
Overall Total	4,599	100.0	5,069	100.0	7,909	100.0	8,933	100.0	8,734	100.0

\* Imports without an official allocation of foreign exchange; mainly by workers' returning from abroad



GEOGRAPHICAL DISTRIBUTION OF IMPORTS

	1 9 8 1		1 9 8 2	
	(000 \$)	(%)	(000 \$)	(%)
OECD COUNTRIES	4,279,523	47.90	4,434,227	50.77
A. EEC Countries	2,519,491	28.20	2,466,237	28.24
- West Germany	939,929	10.52	1,009,084	11.55
- Belgium - Luxemburg	152,907	1.71	146,538	1.68
- Denmark	29,154	0.33	24,189	0.28
- France	400,039	4.48	263,221	3.01
- Holland	166,322	1.86	158,463	1.81
- United Kingdom	433,655	4.85	433,796	4.97
- Ireland	3,072	0.03	1,532	0.02
- Italy	372,045	4.16	415,005	4.75
- Greece	22,368	0.25	14,409	0.16
B. Other OECD Countries	1,760,032	19.70	1,967,990	22.53
- Austria	79,874	0.89	118,371	1.36
- U.S.A.	589,357	6.60	813,526	9.31
- Switzerland	532,948	5.97	330,434	3.78
- Japan	205,811	2.30	357,027	4.09
- Others	352,042	3.94	348,632	3.99
BILATERAL AGREEMENT COUNTRIES	169,271	1.90	108,842	1.25
- U.S.S.R.	163,637	1.83	106,675	1.22
- Albania	5,634	0.07	2,167	0.03
FREE EXCHANGE AGREEMENT COUNTRIES	4,203,662	47.06	3,925,882	44.95
A. East European Countries	626,881	7.01	318,969	3.65
B. Free Exchange Agreement Countries and North Africa Countries	3,576,781	40.05	3,606,913	41.30
- Algeria	34,240	0.38	8,698	0.18
- Iraq	1,563,699	17.50	1,309,396	14.99
- Iran	514,835	5.76	747,708	8.56
- Libya	789,434	8.84	919,414	10.53
- Egypt	2,785	0.03	627	0.01
- Sudan	1	-	18	-
- Syria	19,024	0.21	14,223	0.16
- Saudi Arabia	410,390	4.59	477,195	5.46
- Morocco	30,096	0.34	17,666	0.20
- Jordan	25,856	0.29	7,513	0.01
- Others	186,421	2.09	104,455	1.20
OTHER COUNTRIES	280,919	3.14	265,463	3.03
A. Middle East Countries	113,009	1.26	95,740	1.10
- Abudabi	-	-	399	-
- Bahreyn	-	-	4	-
- Qatar	(2,778)	-	-	-
- Umman	-	-	-	-
- Dubai	33	-	23	-
- Kuveyt	106,717	1.19	92,394	1.06
- Lebanon	3,481	0.07	2,920	0.04
B. Others	167,909	1.88	169,723	1.93
- Nigeria	-	-	-	-
- Others	167,909	1.88	169,723	1.93
TOTAL IMPORTS	8,933,374	100.00	8,734,414	100.00

#### 4. BALANCE OF TRADE

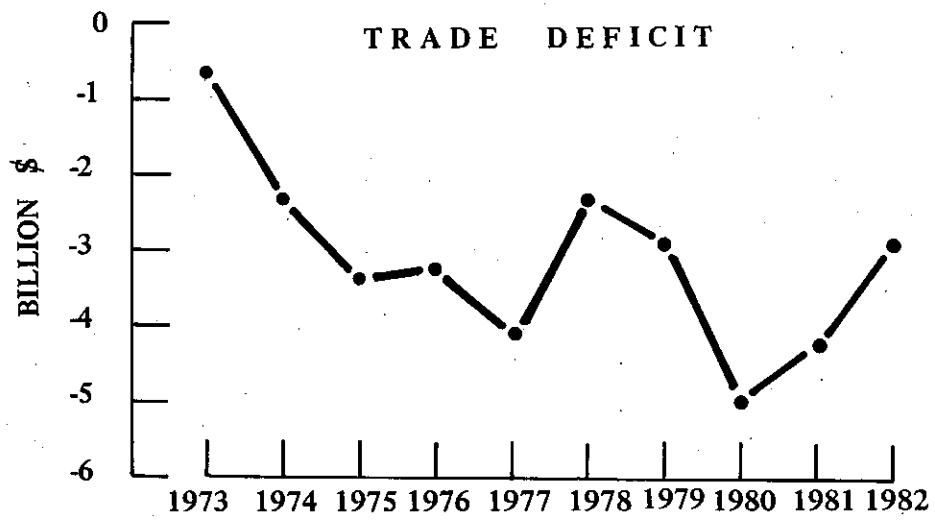
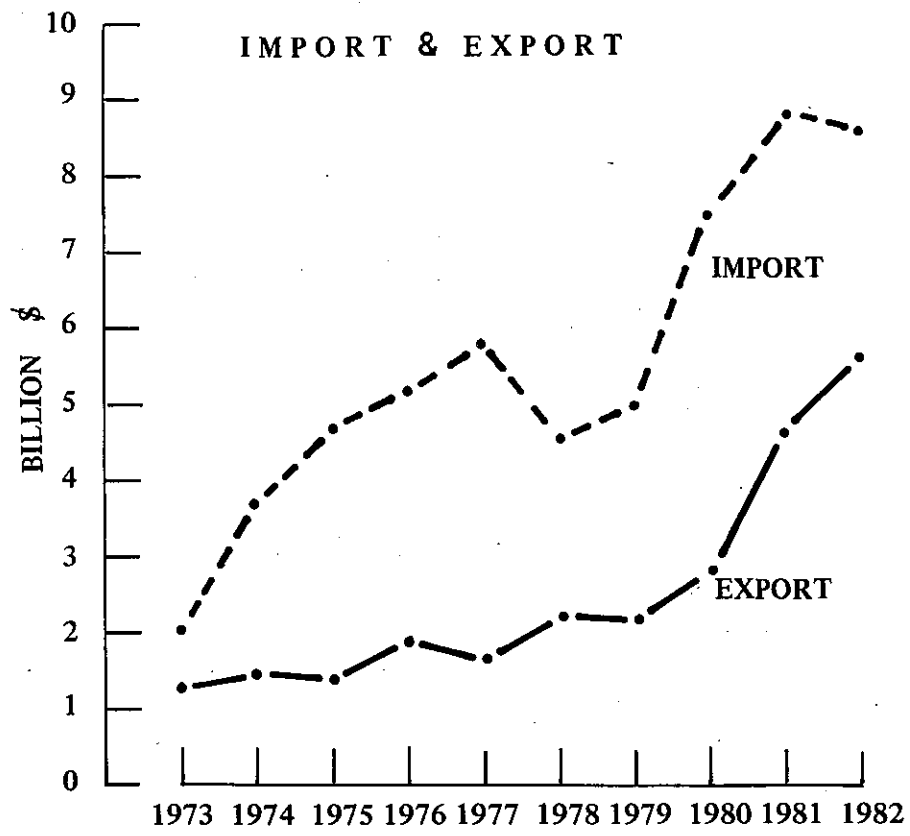
The import bill went down by 2.2 percent to \$ 8,734.4 million in 1982, whilst exports increased by 22.2 percent to \$ 5,746.0 million. As a result, the foreign trade deficit decreased by \$ 1.2 billion as compared with 1981. This improvement was the main factor in Turkey's reaching a positive overall balance of payments.

##### TRADE DEFICIT (Cumulative)

	(Million \$)				
	1978	1979	1980	1981	1982
January	33.0	62.8	107.1	371.3	310.1
February	358.4	203.1	548.2	908.5	576.5
March	482.5	532.7	684.7	1,281.9	814.1
April	739.3	732.0	832.2	1,618.3	1,171.5
May	1,040.2	905.4	1,328.2	2,038.8	1,525.7
June	1,274.8	1,225.1	1,715.8	2,427.6	1,840.8
July	1,424.5	1,350.8	2,178.6	2,888.9	2,106.4
August	1,502.5	1,525.9	2,582.7	3,216.1	2,352.9
September	1,717.5	1,976.4	3,500.1	3,505.2	2,541.7
October	1,922.4	2,238.6	4,206.0	3,675.8	2,554.0
November	2,081.7	2,382.2	4,461.3	3,923.7	2,705.1
December	2,310.9	2,808.2	4,999.2	4,230.4	2,988.4

##### TRADE DEFICIT (Monthly)

	1978	1979	1980	1981	1982
January	33.0	62.8	207.1	371.3	310.1
February	325.4	140.3	350.1	537.2	266.4
March	124.1	329.6	136.5	373.4	237.6
April	256.8	119.3	147.5	336.4	357.4
May	300.9	173.4	496.0	465.5	354.2
June	234.6	319.7	387.6	343.8	315.1
July	150.0	125.7	462.8	461.3	265.6
August	77.7	172.1	404.1	327.2	246.5
September	215.0	453.5	917.4	289.1	188.8
October	204.9	262.2	705.9	170.6	12.3
November	159.3	145.6	255.3	247.9	151.1
December	229.2	424.2	538.0	306.9	293.3



## 5. TERMS OF TRADE

The terms of trade deteriorated in 1974 and again and more seriously, in 1975. They have never recovered since then. On the contrary, after a slight improvement in 1976 and 1977, there was an even further deterioration during the period 1978-1982.

TERMS OF TRADE  
(in \$)  
1973 = 100

	Export Prices	Import Prices	Terms of Trade
1974	136.0	147.9	92.0
1975	128.3	165.1	77.7
1976	133.3	167.0	79.8
1977	146.2	184.1	79.4
1978	154.9	209.8	73.8
1979	182.4	247.5	73.7
1980	215.8	369.0	58.5
81 1. qua.	211.1	436.6	48.4
2. qua.	197.7	297.4	66.5
3. qua.	188.9	375.5	50.3
4. qua.	177.9	373.3	47.7
82 1. qua.	178.0	359.8	49.5
2. qua.	167.6	350.4	47.8
3. qua.	186.6	356.5	52.3
4. qua.	182.1	359.9	50.6

TERMS OF TRADE  
(in TL.)  
1973 = 100

	Export Prices	Import Prices	Terms of Trade
1974	137.6	145.2	94.3
1975	135.4	168.0	80.0
1976	153.0	188.9	81.0
1977	191.5	233.1	82.2
1978	274.1	361.0	75.9
1979	437.5	605.3	72.3
1980	1,193.6	1,989.2	60.0
81 1. qua.	1,437.6	2,871.1	49.7
2. qua.	1,473.9	2,148.6	68.6
3. qua.	1,640.7	3,132.1	52.4
4. qua.	1,654.9	3,404.8	48.6
82 1. qua.	1,832.0	3,616.8	50.7
2. qua.	1,856.8	3,789.8	49.0
3. qua.	2,321.8	4,318.7	53.8
4. qua.	2,412.1	4,658.0	51.8

The deterioration was of course a consequence of export prices increasing less rapidly than import prices. In fact, on a dollar basis, prices of Turkish exports increased by only 115.8 percent between 1973 and 1980 whilst, on the same basis, prices of Turkish imports increased by 269 percent. That is to say that the rate of increase in import prices was almost twice that of export prices.

As a result, the terms of trade deteriorated seriously in 1975, improved slightly in 1976 and 1977 and further deteriorated during 1978-1982. The deterioration continued in 1982; the terms of trade improved in the third but deteriorated again in the fourth quarter.

The same trend was registered in terms of Turkish Lira values, although the increases in prices were still more accentuated. Export prices increased by 1160 percent between 1973 and 1980 whilst import prices increased by 1742 percent during the same period. The big drop in the terms of trade came in 1975, followed by a slight improvement in 1976 and 1977 and another decrease during 1978-1982.

## 6. INVISIBLES

### Workers' Remittances

Workers' remittances continue to make a very important contribution to the Turkish balance of payments. A realistic and coordinated policy is necessary for the efficient channelling of savings to this country; in the recent past, various organisations took the matter up from different view-points and with no real success.

Before formulating such a firm policy, it is essential that careful consideration be given to the recent measures taken in Western European countries against Turkish migrant workers'. A policy which does not give due regard to these developments will have very little chance of success.

It is estimated that an amount of more than \$ 6 bn today lies deposited in European banks by Turkish workers. The various measures taken in 1978-82 have done little to channel these funds homeward.

One factor which at least prevented a drastic fall in remittances after 1974 is that many workers' savings abroad have reached the targets set by the individuals concerned. For most workers the target is the amount they will need to make a long-planned investment on their return to Turkey. This tendency is supported by confidence in the German Mark and expectations of further devaluations in Turkey. Others who have not determined where or how to invest their savings keep them abroad until they decide on an investment proposition; in the meantime, they remit the minimum amounts that they feel obliged to send home. The relatively high rate of inflation and the frequent devaluations of the Lira have shown them to be justified in their caution.

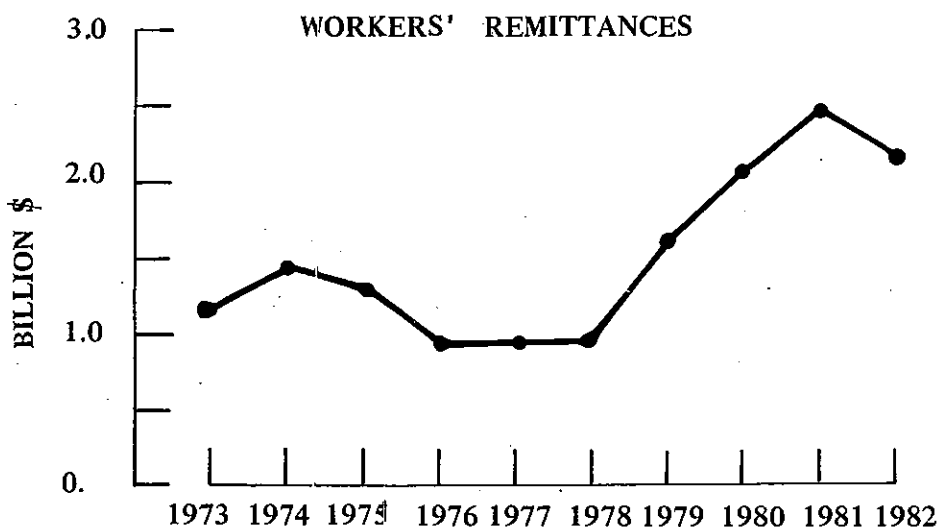
One additional obstacle to transfers is the difference in profitability between investments abroad and those in Turkey. Many workers have found it more advantageous to establish a business or acquire property in their host countries.

During the 18 year period between 1961-1982, an additional purchasing power corresponding to \$ 14.3 bn was injected into the Turkish economy in the form of migrant workers' remittances. Some part of this amount might have been intended for investment but even these remittances were partly lost in consumer expenditure through lack of suitable investment opportunities.

In any event, the major portion of the remittances was utilised in areas of short-term profit with only minor contributions to the economy (housing, small shops and agricultural land, etc.)

WORKERS' REMITTANCES  
(Cumulative)

	(Million \$)							
	1979	% Change	1980	% Change	1981	% Change	1982	% Change
January	83.1	96.0	83.2	0.2	134.8	62.0	148.2	10.7
February	158.5	84.7	256.5	61.8	278.3	8.5	280.0	0.6
March	214.1	34.4	368.2	72.0	417.9	13.5	427.3	2.2
April	342.7	59.5	483.0	40.9	577.0	19.5	579.8	0.5
May	982.0	255.3	586.2	-40.3	739.0	26.1	739.9	0.1
June	1,088.2	217.8	741.2	-31.9	951.0	28.3	905.4	-4.8
July	1,189.0	176.8	1,020.6	-14.2	1,264.9	23.9	1,147.8	-8.9
August	1,300.4	141.3	1,300.2	-0.2	1,642.5	26.3	1,448.7	-11.6
Sept.	1,411.1	114.4	1,507.5	6.8	1,909.0	26.6	1,645.2	-13.6
Oct.	1,501.5	90.5	1,712.5	14.1	2,120.8	23.8	1,848.8	-12.6
Nov.	1,601.1	81.1	1,885.1	17.7	2,304.2	22.2	1,995.7	-13.4
Dec.	1,694.3	72.4	2,071.0	22.2	2,489.7	20.2	2,169.5	-12.2



### Tourism Receipts and Expenditure

In 1982, net revenue from tourism decreased by 5.4%, reducing the total from \$ 277 mn in 1981 to \$ 262 mn. However, as may be seen from the balance of payments table, tourism and workers' remittances again provided most the favourable balance on the invisibles account.

#### IMPORTS-EXPORTS, WORKERS REMITTANCES

	(000 \$)	
	January-December 1981	January-December 1982
Imports	8,933,365	8,734,414
Exports	4,702,935	5,745,973
Workers Remittances	2,489,682	2,170,872
Total	7,192,617	7,916,845
Difference	1,740,748	817,569
The Rate of Exports+ Workers Remittances against Imports	80.5	90.6

#### NET TOURISM REVENUES

	(Million \$)					
	1977	1978	1979	1980	1981	1982
January	- 3.1	- 1.1	5.5	3.9	13.3	11.3
February	- 9.0	0.9	3.1	14.6	12.2	15.6
March	2.6	10.3	4.0	12.6	13.0	11.9
April	- 7.2	4.2	11.0	7.2	17.7	17.2
May	- 5.8	13.8	64.5	6.6	15.1	21.8
June	- 5.5	13.5	15.5	12.2	32.1	15.6
July	- 4.3	28.0	22.8	36.3	39.0	20.1
August	- 4.6	32.1	18.2	44.2	34.7	23.5
September	- 8.1	21.8	15.2	21.9	28.7	17.7
October	-10.0	1.0	6.9	15.8	28.2	32.2
November	- 9.0	4.8	12.9	17.9	25.0	28.3
December	- 6.1	4.3	6.0	18.6	10.0	46.1
Total	-63.7	127.7	185.7	211.9	277.7	261.4

#### TOURISM REVENUE AND EXPENDITURE (000 \$)

	Receipts			% Change		Expenditures		
	1980	1981	1982	80/81	81/82	1980	1981	1982
January	11,724	18,653	16,586	59.1	-11.0	7,837	5,346	5,245
February	25,612	17,409	21,362	-32.0	22.7	11,029	5,195	5,746
March	20,834	20,562	17,072	- 1.3	-17.0	8,170	7,593	5,208
April	16,340	25,586	25,755	56.6	0.1	9,167	7,083	8,551
May	16,279	30,371	28,574	86.6	- 5.9	9,680	7,569	6,606
June	22,246	40,299	23,324	81.3	-40.9	10,012	8,203	8,196
July	44,921	43,403	37,776	-3.4	-25.7	8,552	4,477	11,698
August	54,198	55,032	40,454	1.5	-26.5	10,021	20,290	16,916
September	40,110	39,379	35,957	- 1.8	- 8.7	18,224	19,408	18,246
October	25,536	34,802	39,351	36.3	13.1	9,717	6,939	7,152
November	24,311	30,596	34,085	25.7	11.4	6,421	5,883	5,690
December	24,523	25,161	55,502	2.6	120.6	5,908	6,189	9,436
Total	326,654	351,255	370,320	16.7	- 2.9	114,738	104,212	108,919

## 7. BALANCE OF PAYMENTS

The performance of the balance of payments may be described as satisfactory, fair or promising, depending upon the point of view. Yet any simple evaluation without due regard to the underlying factors is apt to be misleading.

Last year, the foreign trade balance was deficitary by \$ 2,988 mn, a decrease of 29.4 percent compared with the \$ 4,230 mn deficit registered in 1981. In this respect, the performance of the balance of payments is satisfactory.

The balance on the "invisibles" account was a positive one, but the surplus decreased to \$ 1,931 mn and was not of course sufficient to cover the trading deficit. So, the current account yielded a deficit of \$ 1,057 mn, much less than that of 1981. In this respect, too, the payments performance was encouraging.

Programme credits of \$ 1,007 mn and project credits of \$ 754 mn created a capital account surplus of \$ 1,175 mn, despite foreign debt repayments of \$ 852 mn. The over all balance was thus a surplus of \$ 118 mn, compared to a short fall of \$ 1,214 mn in 1981. In this respect, the payments performance was satisfactory except, of course, for the fact that total foreign debts increased by the amount of the foreign credits utilised.

Turkey managed to preserve, even increase, its foreign exchange reserves last year as compared with 1981. Indeed, throughout the first half of the year, Turkey maintained a reasonable average level of gold and foreign currency reserves of around \$ 1.4 bn. Whilst in the second half of the year, reserves went up above the 1,989 million dollars mark.



# BALANCE OF PAYMENTS

(Million \$)

	1981	1982
<b>CURRENT ACCOUNT</b>		
A. Foreign Trade		
1) Exports FOB	4,703	5,746
2) Imports CIF	-8,933	- 8,734
Balance of Trade	-4,230	- 2,988
B. Invisibles		
1) Interest Payments	-1,193	- 1,465
2) Tourism and Travel	277	262
3) Workers Remittances	2,490	2,187
4) Profit Transfers	- 56	- 43
5) Other Invisibles	620	990
Balance of Invisibles	2,138	1,931
Current Account Balance	-2,092	- 1,057
<b>CAPITAL MOVEMENTS</b>		
1) Debt Repayments	- 585	- 852
2) Private Foreign Capital	60	55
3) Project Credits	642	754
4) Imports with Veiwer	69	49
5) Program Credits	840	1,007
6) Other Capital Movements	- 147	162
Capital Account Balance	879	1,175
Overall Balance	-1,214	118
RESERVE MOVEMENTS	- 58	- 482
UTILISATION FROM THE IMF	335	205
SHORT MEDIUM CAPITAL MOVEMENTS	- 213	63
NET ERROR AND OMISSION	1,150	96

### Gold and Foreign Exchange Reserves

Turkey managed to increase its foreign exchange reserves during the last years. At the end of 1982 the gold and foreign currency reserves reached a level of nearly \$ 2 bn.

### GOLD AND FOREIGN EXCHANGE

(Million US \$ )

	1978	1979	1980	1981	1982
Konvertible Foreign Exchange	711	706	1.209	1.658	1.980
Central Bank	610	569	978	1.015	1.187
Gold	150	155	155	155	155
Efektive	44	49	80	64	56
Foreign Exchange	416	365	743	796	976
Deposit Banks	101	137	231	643	793
Efektive	10	5	12	40	79
Foreign Exchange	91	132	219	603	714

### 8. FOREIGN CAPITAL INVESTMENT

Encouraging developments have taken place since the beginning of 1980 when organizational and legal measures were introduced with a view to increasing the inflow of foreign capital investment. Foreign capital investment in Turkey under law number 6224 amounted to only 228 million dollars at the end of 1979. In 1980, 97 million dollars worth of foreign capital came in a response to the economic reforms, followed by 337.5 million dollars in 1981 and 167 million dollars in 1982, bringing the cumulative total to 830 million dollars by the end of 1982. The investment figures for 1980-1982 refer to investment approvals issued although most of these were in fact taken up and implemented.

The number of foreign investor firms went up to 170 at the end of 1982, with the main concentrations being in chemicals (23 firms), electronics (18 firms), food-beverages (15 firms), textiles (11 firms), tourism (11 firms) and machinery manufacturing (10 firms).

The relative share of foreign capital in the various sub-sectors of the Turkish economy shows the following breakdown; chemicals (12.16 percent), food-beverages (11.79 percent), banking (9.19 percent), textiles (8.59 percent), sea transport (8.44 percent), automotive industry (5.28 percent), tourism (4.34 percent) iron and steel industry (4.18 percent).

Seventy percent of the end 1982 foreign capital total came from four countries:

Switzerland	28.03	percent
West Germany	18.96	percent
U.S.A.	14.01	percent
Libya	10.55	percent
23 Other count.	<u>28.45</u>	percent
Total 27 count.	100.00	

The number of foreign investment firms was distributed as follows:

Switzerland	37	firms
West Germany	37	firms
U.S.A.	25	firms
24 Other Countries	<u>71</u>	firms
Total 27 Countries	170	firms

More recent developments, in the first two months of 1983, indicate that 13 firms have applied to bring 29 million dollars of capital, 19.9 million dollars from West Germany, 6.2 million dollars from Switzerland and 3 million dollars from eight other countries. Capital increases account of \$ 20.7 million and new enterprises for \$ 6 million.

Foreign capital as a percentage share of total capital in Law No. 6224 enterprises has increased considerably during the past three years, from 29.7 percent in 1979 to 34 percent in 1980, to 40.1 percent in 1981 and to 43.6 percent at the end of 1982.

	<u>Number of Firms</u>	<u>Foreign Capital (Million TL)</u>	<u>Total Capital</u>	<u>Share of foreign capital in total capital</u>
1975	109	2,177	5,418	40.2
1976	106	2,318	5,771	40.1
1977	99	2,480	6,326	39.2
1978	97	2,818	7,945	35.5
1979	91	2,518	8,480	29.7
1980	100	9,642	28,390	34.0
1981	127	19,012	47,400	40.1
1982	170	43,646	100,196	43.6

FOREIGN CAPITAL INVESTMENT  
BROUGHT TO TURKEY UNDER LAW 6224

Years	(Million \$)	
	Yearly	Cumulative
Before 1954	2.9	2.8
1954	2.2	5.0
1955	1.2	6.2
1956	3.4	9.6
1957	1.3	10.9
1958	1.1	12.0
1959	3.4	15.4
1960	1.6	17.3
1961	1.2	18.5
1962	4.2	22.7
1963	4.5	27.2
1964	11.9	39.1
1965	11.6	50.7
1966	9.7	60.4
1967	9.0	69.4
1968	13.9	83.3
1969	13.2	96.5
1970	9.0	105.5
1971	11.7	117.2
1972	12.3	130.0
1973	67.3	197.3
1974	-7.7	169.6
1975	15.1	204.7
1976	8.9	213.6
1977	9.2	222.8
1978	11.7	234.5
1979	-8.4	228.1
1980	97.0	325.1
1981	337.5	662.6
1982	167.4	830.0

BREAKDOWN BY COUNTRIES OF FOREIGN CAPITAL INVESTMENTS  
AUTHORISED UNDER LAW 6224  
(as at end 1982)

(Million TL.)

	No. of Firms	Foreign Capital Investment	% Share of Total Foreign Cap.	Total Cap. of Foreign and Dom. Partners	Foreign Cap. % Share of Total Capital
U.S.A.	25	6,400	14.81	10,568	60.56
Austria	3	116	0.26	261	44.54
West Germany	37	8,275	18.96	16,974	48.75
Bahrain	1	490	1.11	613	80.00
Belgium	2	116	0.26	174	67.04
Denmark	4	744	1.69	1,475	50.42
Finland	1	29	0.06	56	51.00
France	6	1,127	2.57	2,740	41.12
Holland	6	1,231	2.81	2,101	58.58
Islamic Developing Bank	6	697	1.59	2,550	27.33
IFC	5	815	1.80	8,904	9.15
United Kingdom	5	681	1.55	1,689	40.32
Iran	2	255	0.65	290	98.44
Sweden	2	6	0.01	70	7.85
Switzerland	37	12,235	23.03	24,581	49.77
Italy	5	789	1.89	1,825	43.23
Japan	2	19	0.04	60	31.66
Canada	1	31	0.07	100	31.00
Korea	1	2,237	5.10	10,761	20.78
Kuwait	1	279	0.63	590	47.25
Libya	2	4,623	10.55	9,245	50.00
Lebanon	2	615	1.40	1,516	38.05
Luxemburg	2	845	1.92	1,471	57.42
Pakistan	1	264	0.69	264	100.00
Panama	2	214	0.48	420	51.00
Saudi Arabia	1	369	0.82	400	90.00
Yugoslavia	1	125	0.28	400	31.25
Total	170	43,646	100.00	100,196	43.56

SECTORAL DISTRIBUTION OF COMPANIES OPERATING  
UNDER LAW 6224  
(as at Dec 31, 1982)

(Million TL.)

	Operating Companies	Foreign Capital Inv.	% Share of Total Foreign Cap.	Total Cap. Foreign & Dom. Partner	For. Cap. %Share of Total Cap.
Manufacturing					
Food & Beverages	15	5,164	11.79	9,577	53.92
Textile	11	3,762	8.59	8,280	45.42
Forestry Products	4	572	1.30	1,500	38.10
Paper	5	1,889	3.85	3,591	47.04
Rubber	4	982	2.24	1,701	57.71
Plastics	3	394	0.69	650	46.76
Chemicals	23	5,827	12.16	6,885	77.37
Fertilizer	1	279	0.63	590	47.25
Cement	1	360	0.82	1,200	30.00
	4	62	1.41	1,460	42.47
Glass	2	377	0.86	3,850	9.80
Iron & Steel	7	1,834	4.18	7,615	24.08
Non Ferrous Metals	3	341	0.77	2,450	13.90
Metal Goods	8	400	0.91	1,396	28.61
Machinery	10	1,349	3.08	4,483	30.09
Electrical Equipment & Electronics	18	2,731	6.23	6,265	43.59
Transportation Man. Industry	8	2,316	5.28	6,475	35.76
Transportation by Products	7	2,857	6.52	7,505	38.06
Others	5	397	0.90	828	47.95
Manufacturing	139	31,661	72.54	76,301	41.50
Agriculture	3	1,018	2.32	2,051	49.63
Mining	1	300	0.68	300	100.00
Services					
Tourism	11	1,899	4.34	2,558	74.24
Banking	7	4,026	9.19	9,842	40.90
Land Transportation	4	776	1.77	1,173	66.35
	1	3,598	8.44	7,396	50.00
Other	4	267	0.60	574	46.51
Total	27	1,668	24.36	21,543	49.52
Total	170	43,646	100.00	100,196	43.56

## 9. TURKISH CONTRACTORS OPERATING IN THE MIDDLE EAST AND NORTH AFRICA

Turkish contracting companies operating in the Middle East and North Africa today hold contracts valued at more than \$ 16 bn. By the end of 1983, the total volume of such contracts may well have risen to \$ 20 bn.

Indeed, at a time when business prospects for those holding companies which are basically orientated towards the domestic market and import substitution are generally less than satisfactory, the construction-based groups which direct their activities to foreign markets are prospering.

But for civil engineering contractors who are not able to enter the international market, the outlook is gloomy. The Turkish construction industry is going through its third consecutive year of recession. Private sector demand for building has dropped seriously due to soaring construction costs, to the decrease in demand as a result of the general rise in prices, to the decrease in inflationary expectations and to the increased returns on savings as a result of high interest rates.

The primary market for Turkish contractors overseas has been Libya. No less than 83 Turkish firms now operate in that country, compared to 37 in Saudi Arabia, 23 in Iraq and five in Jordan and Kuwait. Three Turkish firms now have contracts in Abu Dhabi, one firm a contract in Egypt and one an assignment in Senegal.

The majority of Turkish companies have found it especially difficult to penetrate the Arab markets. The Saudi Arabian market, for instance, has proved to be much more sophisticated and much more competitive than had been expected. Although the trend in the volume of orders speaks for itself, Turkish contractors today face stiff competition from firms in several other countries which enjoy state aid, cost subsidies and a cheaper labour supply.

### CONTRACTS HELD BY TURKISH CONTRACTORS OPERATING IN THE MIDDLE EAST & N.AFRICA

(Million \$)

Countries	1978	1979	1980	1981	1982 December
Libya	1,182	1,432	2,346	7,000	10,364
Saudi Arabia	0,192	0,307	0,684	1,130	3,400
Iraq	0,203	0,303	0,430	0,728	1,181
Jordan	-	-	0,011	0,043	0,048
U.A.R.	0,047	0,047	0,035	0,039	0,034
Kuwait	0,005	0,005	0,011	0,012	0,125
Senegal	-	-	-	-	0,019
Total	1,629	2,099	3,517	9,032	15,171

## SECTION II

THE STATE OF THE TURKISH ECONOMY AT 1983

THE FIRST QUARTER





## CHAPTER IV

### INVESTMENTS, PUBLIC FINANCE

#### PRODUCTION, EMPLOYMENT

##### 1. INVESTMENTS

###### Sectoral Distribution of Investment Incentive Certificates

During the first quarter of 1983, 346 applications were made for Investment Incentive Certificates, of which 62 were in agriculture, 9 in mining, 121 in manufacturing, 3 in energy, 143 in services and 7 in export oriented industries.

The total proposed investments amount to 140.9 billion TL, representing an average of 400 million TL investment per certificate. The employment of each additional person requires an investment of 8 million TL. The applicants indicated a need for operating capital amounting to 12.2 billion TL, or to around 8.7 percent of the total investment, or 35 million TL per application.

The propensity to invest seems to be highest in transportation with 104 applications and 33.8 billion TL of investment. Of the 121 manufacturing industry applications representing a total investment of 74.9 billion, 27 are in textiles and clothing, with 16.2 billion TL investment, 9 are in chemicals with 13.9 billion TL investment, 18 in motor vehicles with 10.8 billion TL investment, 4 in iron and steel with 9.6 billion TL investment and 22 in food and beverages with 8.9 billion TL investment.

Livestock projects prevail in agriculture, with 57 applications out of 62 in this sector and representing 5.3 billion TL investment out of a total 5.7 billion for the agricultural sector.

SECTORAL DISTRIBUTION OF INVESTMENT  
INCENTIVE CERTIFICATES JANUARY-MARCH 1983

	Number	Total Investment (Mil. TL.)	Operating Capital (Mil.TL.)	Employment (Persons)
1)Agriculture	62	5,695	1,432	1,249
Crops	3	295	60	260
Livestock	57	5,259	1,359	889
Fishery Products	2	141	13	100
Forestry	-	-	-	-
2)Mining	9	12,798	297	1,447
3)Manufacturing	121	74,908	8,487	9,750
Food-Beverage	22	8,913	1,545	1,383
Textile-Clothing	27	16,160	1,698	2,549
Forestry Products	2	193	13	30
Paper	2	1,097	50	70
Leather-Hide	3	645	109	239
Rubber	1	270	20	15
Chemical	9	13,886	998	748
Glass	1	73	-	-
Iron-Steel	4	9,602	1,698	263
Non-Ferrous Metals	3	542	107	101
Motor Vehicles	18	10,771	525	2,034
Metal Goods	8	3,799	523	714
Measuring Devices	5	490	37	109
Machinery	2	396	37	110
Electrical Machinery	-	-	-	-
Electronics	1	90	2	-
Cement	3	870	52	114
Clay & Cement Products	5	2,055	516	874
Ceramics	1	142	28	24
Other	5	4,914	529	373
4)Energy	3	913	-	7
5)Services	143	44,183	1,574	5,635
Transportation	104	33,816	425	3,666
Tourism	15	4,351	180	808
Trade	12	3,697	838	255
Others	12	2,319	141	906
6)Incentives to Export Oriented Industries	7	2,384	390	313
Total	346	140,881	12,180	18,401

### Construction Activities

In the first three months of 1983, the number of applications for building permits decreased by 2.5 percent, those for occupancy permits remained the same. Floor area under construction decreased 3.5 percent in the first three months of the year for building permits and decreased by 4.2 percent for occupancy permits.

Per unit cost showed a considerable increase, much exceeding the rate of inflation; in fact, twelve months' increases were of 40.1 percent for building permits and of 36.7 percent for occupancy permits. The rate of increase in the prices of construction materials as reported by the Wholesale Prices Index was much higher still, whilst the general prices index increased by 24.1 percent between March 1982 and March 1983, the index of construction materials increased by 53.2 percent. The reverse was the case in 1982, when the general index increased by 29.9 percent, as contrasted to 25.1 percent for construction materials. In fact, the rate of increase in construction materials prices was the highest among all the sub-categories in the Wholesale Prices Index. All these developments are negatively affecting demand for residential housing. The average 100 m<sup>2</sup> dwelling cost 1.3 million TL and, with allowance for land value, 2.6 million TL in March 1982; it costs 1.8 million TL and 3.6 million TL, respectively in March 1983.

### CONSTRUCTION ACTIVITIES January-March

	1982	1983	%
<b>Building Permits Issued</b>			
Number of Applications	8,993	8,767	-2.5
Floor Area(000m <sup>2</sup> )	3,653,921	3,527,579	-3.5
Cost (Million TL.)	47,174,029	63,785,401	35.0
Unit Cost(TL./m <sup>2</sup> )	12,910	18,082	40.1
<b>Occupancy Permits Issued</b>			
Number of Applications	10,059	10,060	-
Floor Area(000m <sup>2</sup> )	3,178,871	3,041,245	-4.3
Cost (Million TL.)	41,194,215	53,864,919	30.7
Unit Cost(TL./m <sup>2</sup> )	12,959	17,711	36.7

## 2. PUBLIC FINANCE

### Fiscal Year 1983 Budget

In the first two months of fiscal 1983, General Budget revenue increased by 7.6 percent in comparison with the same period of the 1982.

Whilst tax revenue showed an increase of 5.1 percent, non-tax normal revenue decreased by 3.9 percent as compared with the first two months of fiscal 1982.

According to latest available data, General Budget revenue increased to 286.8 billion TL and Annexed Budget revenue rose to 10 billion TL. Meanwhile, Consolidated Budget revenue in the first two months of the fiscal year, increased to 296.8 billion TL or by 9.1 percent compared with the same period of last year.

### BUDGET REVENUES AND EXPENDITURES

	1982	1983	(January-February) (Billion TL.)
Consolidated Budget R.	272.1	296.8	9.1
General Budget R.	266.5	286.8	7.6
Tax Revenues	233.1	244.8	5.1
Non-Tax Normal R.	23.3	22.4	-3.9
Special R. and Funds and Domestic Borrowing	10.3	19.6	94.0
Annexed Budget R.	5.6	10.0	78.6
Expenditures	192.3	240.9	25.3
Current	89.5	102.5	14.5
Investment	30.4	31.3	3.0
Transfer	72.4	107.1	47.9
Deficit	+79.8	+55.9	-30.0

### The State Economic Enterprises

The long-awaited re-organisation of the State Economic Enterprises was finally provided for by a decree-law published on May 20.

Without doubt, the novelty which this introduces is distinguish between the "Profit-oriented SEEs" and the "Public Service-oriented" enterprises. From now on, the former will be called "State Economic Corporations" (SECs) and the latter "Public Economic Agencies" (PEAs). Whilst SEEs are defined as profit making organizations, PEAs are mostly public utility companies, their duty being to produce monopoly goods and certain essential commodities and provide basic services.

The concerns affiliated to the SEEs are also classified according to their capital structures. These are; "enterprises" which are 100% owned by the SECs or PEAs; "partnerships" in which SECs or PEAs own more than 50% of the equity and "participations", are concerns in which SECs and PEAs hold at least 26% and no more than 50% of the equity. In the banking sector, an SEC may be formed as a joint stock company provided the State owns at least 91% of the equity.

Another important provision of the new decree-law is that SECs' enterprises and partner-ships will be entirely free to determine the prices of their products. It was common practice in the past to determine the prices of intermediate and capital goods according to political rather than economic considerations. This has largely been overcome since 1980 and the re-organisation law makes it clear that SECs classified as profit-oriented concerns are obliged to follow rational pricing policies. Should the government determine the prices of products below the cost, such loss will be financed by means of budgetary transfers.

In so far as questions of personnel are concerned, the decree-law merely states that these will be regulated by special legislation. It does specify, however, that experts working under contract and white-collar workers classified as civil servants may neither negotiate collective wage contracts with the administration nor enjoy the rights and fringe benefits accorded to other employees under such agreements.

The decree-law prohibits PEA and SEC personnel from becoming members of political parties. Persons who have worked for political parties or who were elected to parliament or to local governmental organisations may not be appointed General Manager, Assistant General Manager or a Board member of an SEC or PEA until three years after relinquishing their membership or functions in these organisations.

Even though the principle of the autonomy of the SECs and PEAs is accepted in the first clause of the decree-law, the Supreme Co-ordinating Council for Economic Affairs, which is established to co-ordinate the relations of these enterprises and to deal

with their problems, is empowered to take decisions regarding their operations. Some decisions are subject to approval by the Ministry concerned or by the Cabinet itself. Top managers are to be appointed by decree signed by the Prime Minister, the Minister of Finance and the minister who is responsible for the operation of the enterprise in question. Furthermore, some matters concerning the responsibilities of general managers, personnel motivation and bonus schemes are tied to other bureaucratic procedures. There is in fact a tendency for the decree law to provide for the solution of public enterprises' problems by means of decisions taken from the centre.

It is generally agreed that greater autonomy should have been granted, along with complete independence from political considerations. Administrators should have been given wider powers at all stages of SEC/PEA operations.

#### Breakdown of SECs by Controlling Ministry

##### Ministry of Finance

- 1) State Investment Bank (DYB)
- 2) Agricultural Bank
- 3) State Supplies Office (DMO)

##### Ministry of Trade

- 1) Soil Products Office (TMO)
- 2) Turkiye Halk Bankasi
- 3) Meat and Fish Board

##### Ministry of Transport

- 1) Turkish Maritime Authority

##### Ministry of Agriculture and Forestry

- 1) Agriculture Products Authority
- 2) Turkish Agricultural Supplies (TZDK)

##### Ministry of Industry and Technology

- 1) Sumerbank
- 2) Paper and Pulp Industries (SEKA)
- 3) Machinery and Chemicals
- 4) Turkish Iron and Steel Works (TDCI)
- 5) Turkish Cement Industry
- 6) Turkish Sugar Industry
- 7) Turkish Chemicals Industry (MKEK)
- 8) State Industry and Workers' Investment Bank (DESIYAB)

##### Ministry of Energy and Natural Resources

- 1) Etibank
- 2) Turkish Coal Board (TKI)
- 3) Turkish Hard Coal Board
- 4) Turkish Electricity Board (TEK)
- 5) Turkish Oil Administration

Ministry of Culture and Tourism

- 1) Tourism Bank Inc.

Ministry of Reconstruction and Resettlement

- 1) Turkiye Emlak Kredi Bankasi

Breakdown of Public Economic Corporations, by Controlling Ministry

Ministry of Defence

- 1) Defence Equipment Administration

Ministry of Customs and Monopolies

- 1) Tea Administration (Caykur)
- 2) Tekel (State Monopolies)

Ministry of Agriculture and Forestry

- 1) Farming Administration

Ministry of Transport

- 1) State Railways Authority (TCDD)
- 2) Postal Authority (PTT)
- 3) State Airports Authority

With the continued reorganisation of the State Economic Enterprises on a profit oriented basis, at constant 1963 prices, Central Bank credits to five public support and services enterprises decreased from 3.8 bn TL in December 1982 to 2.4 bn TL in April 1983. On the other hand, during the same period, credits to twelve other enterprises in industry decreased by 8.7 percent and stood at 2.1 bn TL in April 1983.

CENTRAL BANK CREDITS TO SEES

(At constant 1963 prices) (billion TL.)

	<u>December 1982</u>	<u>April 1983</u>
Support	3.8	2.4
Industry	2.3	2.1
Total	6.0	4.5

Therefore, total Central Bank Credits to 17 SEEs decreased from 6.0 bn TL to 4.5 bn TL. As a natural result of the adoption of a market economy mechanism, these enterprises are expected to obtain credits from sources other than Central Bank, the latest available data shows a trend in this direction.

### 3. PRODUCTION

According to SPO figures, in the first two months of 1983, out of 107 basic commodities, production of 63 increased as compared to the same period 1982. Production 30 commodities was lower than in 1982 and production of 14 items was unchanged.

The products which show very high production increases include meat (52%), vodka (91.0%), cardboard (75%), polyethylene (65%), borax decahydrate (180%), urea (103%), normal super phosphate (90%), compound fertilizer (86%), horticultural tractors (102%), seamless steel tubing (200%), 3-phase electricity meters (85%), minibuses (104%) and passenger cars (81%). On the other hand, production of colemanite decreased by 95%, borax by 68%, chromite by 59%, diamonium phosphate by 54%, blister copper by 68% and cement by 54%.

Production of milk, cigarettes, raki, cotton textiles, writing paper, cigarette paper, chipboard and fibre board remained the same.



OUTPUT OF SOME INDUSTRIAL PRODUCTS  
(January-February)

(000 tonnes)

	1982	1983	%
<b>COMMODITIES WITH INCREASED PRODUCTION</b>			
<u>Mining</u>			
Lignite	2,629	2,976	13
Wolfram Concentrates (tonne)	20	24	20
<u>Food</u>			
Packed Tea	15	16	7
Red Meat	8	9	13
White Meat (tonne)	330	500	52
Pasteurized Milk (000 lt.)	3,344	4,557	36
Fodder	67	83	24
<u>Beverages-Tobacco</u>			
Vodka (000 lt.)	268	514	91
Bira (mn lt.)	4	6	50
Wine (000 lt.)	747	1,075	44
<u>Textile-Leather</u>			
Cotton Yarn (tonne)	7,877	8,226	4
Woollen Yarn (tonne)	701	805	15
Machine Made Carpet (m <sup>2</sup> )	19,419	28,777	48
Shoes (000 pairs)	417	421	1
<u>Rubber(000)</u>			
Car Tyres	223	276	24
Truck-Bus Tyres	224	247	10
Tractor Tyres	55	83	51
<u>Paper</u>			
Paper	62	68	10
News-print	22	26	18
Corrugated Card board	6	7	17
Card board	4	7	75
<u>Forestry Products</u>			
Lumber (000 m <sup>3</sup> )	43	48	12
Parquet (000 m <sup>2</sup> )	64	68	6
<u>Petrochemicals</u>			
Polyvinyl Chloride (tonne)	5,995	7,878	31
Polyethylene (tonne)	3,127	5,149	65
Carbon Black ( " )	3,248	3,996	23
Polystrene ( " )	2,204	2,452	11
Caprolactam ( " )	3,016	3,453	14
<u>Chemicals</u>			
Borax Decahydrate	1.0	2.8	180
Sodium Perborate	-	1.4	-
Carbide	-	5.5	-

(000 tonnes)

	1982	1983	%
<u>Petroleum Products</u>			
Gasoline	269	343	28
Gas Oil	521	604	16
Fuel Oil	935	1,055	13
Crude Oil Processed	2,195	1,565	17
<u>Fertilizer</u>			
Total Fertilizer	863	976	13
Ammonia	36	57	58
Ammonium Nitrate	8	10	25
Urea	37	75	103
Normal Super Phosphate	1.0	1.9	90
Triple Phosphate	59	82	39
Compound Fertilizer	76	141	86
<u>Agricultural Equipment &amp; Machinery</u>			
Tractors (number)	4,601	6,340	38
Horticultural Tractors(number)	82	166	102
<u>Iron &amp; Steel</u>			
Coke	309	429	39
Crude Iron	316	429	36
Pig Iron	34	50	47
Molten Steel	412	523	27
Seam less Tubing	0.2	0.6	200
<u>Non Ferrous Metals</u>			
Molten Aluminum (tonne)	5,460	6,426	18
Ferrochrome (tonne)	1,761	1,849	5
Electrolytic Copper (tonne)	3,797	5,437	43
<u>Cement &amp; Refractories</u>			
Basic Refractory (tonne)	4,591	5,279	15
<u>Energy</u>			
Electricity (m.kwh)	4,291	4,553	6
<u>Electronics</u>			
Telephone Switches (000)	32	34	6
Television (000)	67	95	42
<u>Electrical Machines</u>			
Flourescent (000)	1,004	1,356	35
Electric Lighting Lamps(000)	5,907	7,620	29
Car Batteries (000)	73	95	30
<u>Measuring Services</u>			
3 Phase Electricity Meters (number)	5,533	10,235	85

(000 tonnes)

	1982	1983	%
<u>Motor Vehicles</u>			
Bus-Midibuses (number)	281	402	43
Minibuses (number)	464	946	104
Passenger Cars (number)	2,837	5,148	81
Trucks (number)	1,583	2,579	63
<u>COMMODITIES WITH DECREASED PRODUCTION</u>			
<u>Mining</u>			
Hard Coal	642	607	- 5
Crude Petroleum	372	348	- 6
Copper Concentrates	20	12	- 40
Alumina	21	14	- 33
Colemanite	4.3	81	- 95
Phosphate	3.1	-	-
Borax	29	9.3	- 68
Sulphur	5	4.9	- 2
Perlite (tonne)	1,452	-	-
Chromite	29	12	- 59
<u>Beverages-Tobacco</u>			
Nonfilter Cigarettes(000 ton)	3	2	- 33
<u>Tyres</u>			
Inner Tubes (000 ton)	339	354	- 11
<u>Paper</u>			
Kraft Paper	10	8	- 20
<u>Forestry Products</u>			
Packing Boxes (000)	212	172	- 19
<u>Chemicals</u>			
Borax	3.8	3.5	- 8
Salt	12	10.7	- 11
Ethyl Alcohol (000 lt.)	1,353	1,065	- 21
<u>Petrochemicals</u>			
Synthetic Rubber	5,978	5,927	- 1
<u>Fertilizer</u>			
Sulphuric Acid	123	85	- 31
Phosphoric Acid	30	14	- 53
Ammonium Sulphate	53	48	- 9
Calcium Ammonium Nitrate	162	118	- 27
Diamonium Phosphate	57	26	- 54

(000 tonnes)

	1982	1983	%
<u>Non Ferrous Metals</u>			
Copper (blister) (tonne)	4,728	1,490	-68
Zinc Ingot (tonne)	3,454	3,009	-13
Zinc Concentrate (tonne)	191	150	-22
Ferrochrome (tonne)	5,724	3,282	-43
Lead Concentrate (tonne)	198	185	- 7
<u>Cement &amp; Refractories</u>			
Acidic Refractory (tonne)	3,564	2,445	-31
Cement	2,015	931	-54
<u>Measuring Devices</u>			
Mono Phase Electric Meters (number)	107,000	105,932	- 1
<u>Motor Vehicles</u>			
Pick-ups (number)	820	808	- 1
<u>Railway Vehicles</u>			
Freigh Cars	89	63	-29
COMMODITIES WITH THE SAME PRODUCTION LEVEL			
Milk (mn. lt.)	11	11	-
Cigarettes	9	9	-
Raki (mn lt.)	8	8	-
Cotton Textiles (000 m.)	36,076	36,218	-
Writing Paper	14	14	-
Cigarette Paper	0.4	0.4	-
Chip board	3	3	-
Fibre board	3	3	-

#### 4. EMPLOYMENT

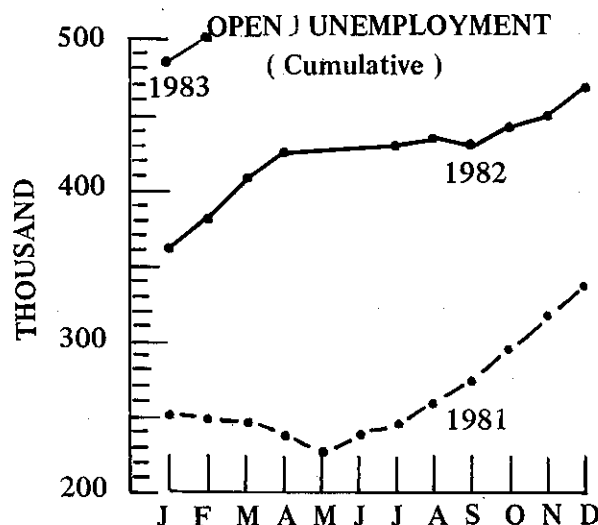
Figures for open unemployment as calculated by the Labour Placement Office, indicate an annual increase of 30.6 percent in February 1983, as contrasted to rises of 12.7 in 1981 and of 54.4 percent in 1982. The absolute figure, at 502 thousand is approached half-a-million and around 15 percent of the labour surplus as calculated by the State Planning Organization.

The number of openly unemployed practically doubled between January 1981 and January 1983, from a quarter-of-a-million to nearly half-a-million.

#### OPEN UNEMPLOYMENT

	1981	1981/80 %	1982	1982/81 %	1983	1983/82 %
January	250,696	+24.2	361,320	+44.1	486,341	34.6
February	248,957	+12.7	384,522	+54.4	502,235	30.6
March	245,076	- 4.2	411,552	+67.9		
April	241,639	-11.0	425,396	+76.0		
May	233,263	-16.8	n.a	-		
June	244,649	-13.5	n.a	-		
July	247,929	-11.8	428,302	+72.7		
August	260,785	- 6.3	436,554	+67.4		
September	278,488	+11.9	437,432	+57.1		
October	294,529	+20.3	444,477	+50.9		
November	317,010	+28.5	452,102	+42.6		
December	341,336	+29.6	468,654	+37.3		

Source: Labour Placement Office



### Wages

Nominal wages increased by 33 percent in 1982, slightly above the inflation rate, allowing real wages to increase by 1 percent. This is the first time during the last four years that wages have increased in real terms. They decreased by 13.4 percent in 1979, by 25.3 percent in 1980 and by 7.5 percent in 1981. The decrease in real wages has contributed to a large extent to the decrease in the rate of inflation through a lower aggregate demand and through a relative decrease in the pressure on wage-cost-push inflation.

Nominal wages increased at a higher rate in the public sector than in the private sector with the exception of 1981, when the country was the case.

Whilst real wages increased by 1 percent as a whole, they in fact decreased by 2.4 percent in the private sector and increased by 3.9 percent in the public sector.

	1982(TL)	Rate of Change			
		1979	1980	1981	1982
Nominal Wages	723	41.6	45.1	27.6	33.0
Public Sector	859	42.7	50.6	19.4	37.0
Private Sector	645	40.6	40.8	36.6	28.5
Real Wages		-13.4	-25.3	- 7.5	1.0
Public Sector		-12.7	-22.5	-13.3	3.9
Private Sector		-14.0	-27.5	- 0.7	- 2.4
Minimum Daily Wages					
Non-Agricultural	333	63.6	0	85.0	0
Agricultural	287	77.8	0	79.4	0



## CHAPTER V

### MONETARY INDICATORS

#### 1. BANKNOTES ISSUED

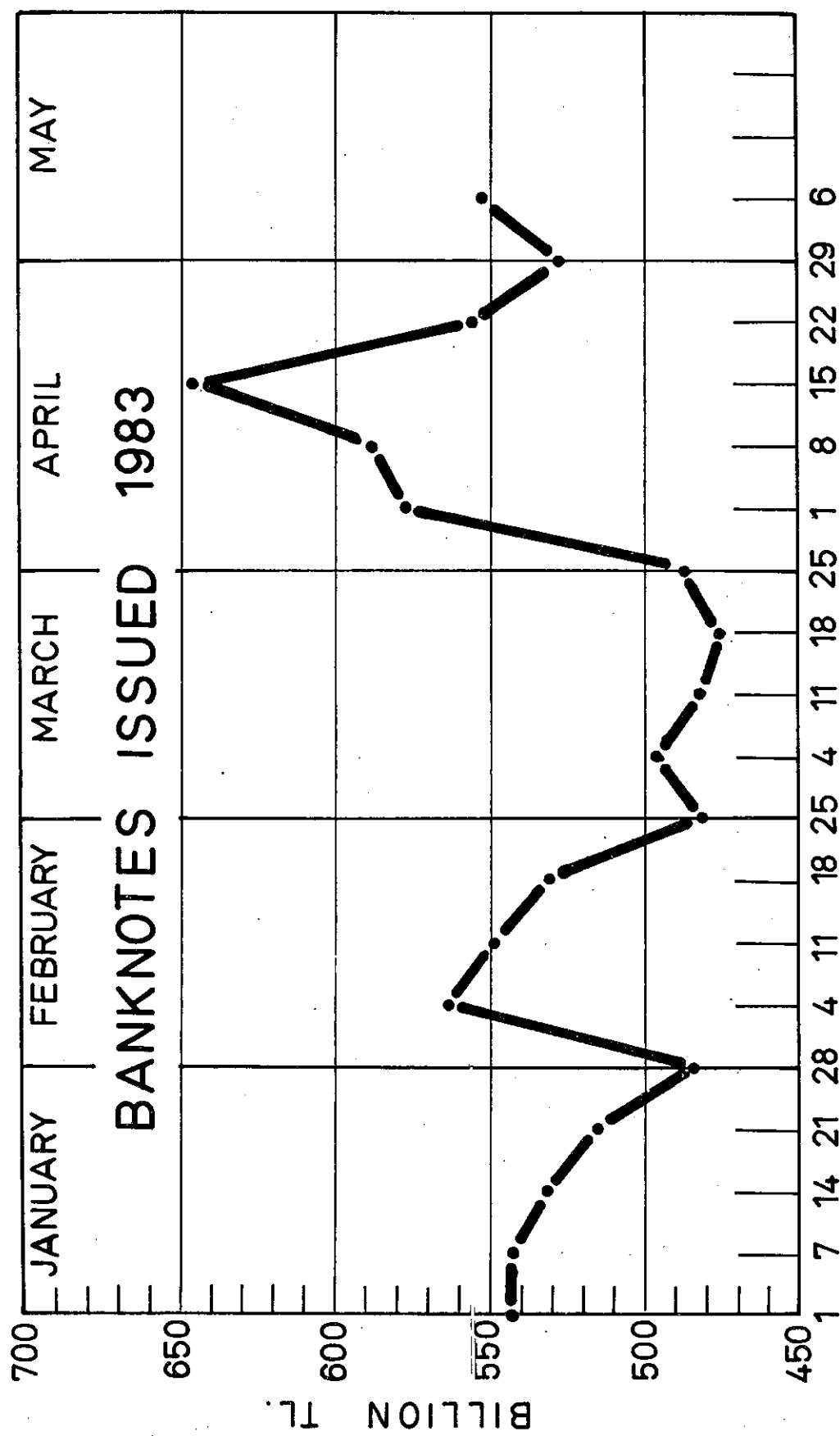
The average increase in the note issue which was held at 50.7% during the first four months of 1981 came down to 31.6% during the same period of 1982 and to 30.7% during that of 1983. This all means that the monetary expansion is being held within limits.

#### BANKNOTES ISSUED

(Billion TL.)

	1980	1981	1982	1983	Annual Percentage Change		
					81/80	82/81	83/82
January	188.6	275.1	371.9	485.8	45.9	35.2	30.6
February	191.6	287.4	381.4	481.9	50.0	32.7	26.4
March	183.2	290.5	367.9	487.2	58.6	26.6	32.4
April	202.5	300.3	396.0	528.5	48.3	31.9	33.5
May	195.3	291.5	394.4		49.2	35.3	
June	202.2	294.5	413.1		45.7	40.3	
July	237.7	354.2	466.7		49.0	31.8	
August	245.2	339.5	486.3		38.5	43.2	
September	279.9	373.1	524.4		33.3	40.6	
October	280.6	308.6	515.5		31.4	67.0	
November	277.6	361.6	514.4		30.3	42.3	
December	278.6	386.4	542.7		38.7	40.5	
Dec./May	6.8	4.6	2.1				





## 2. CENTRAL BANK CREDITS

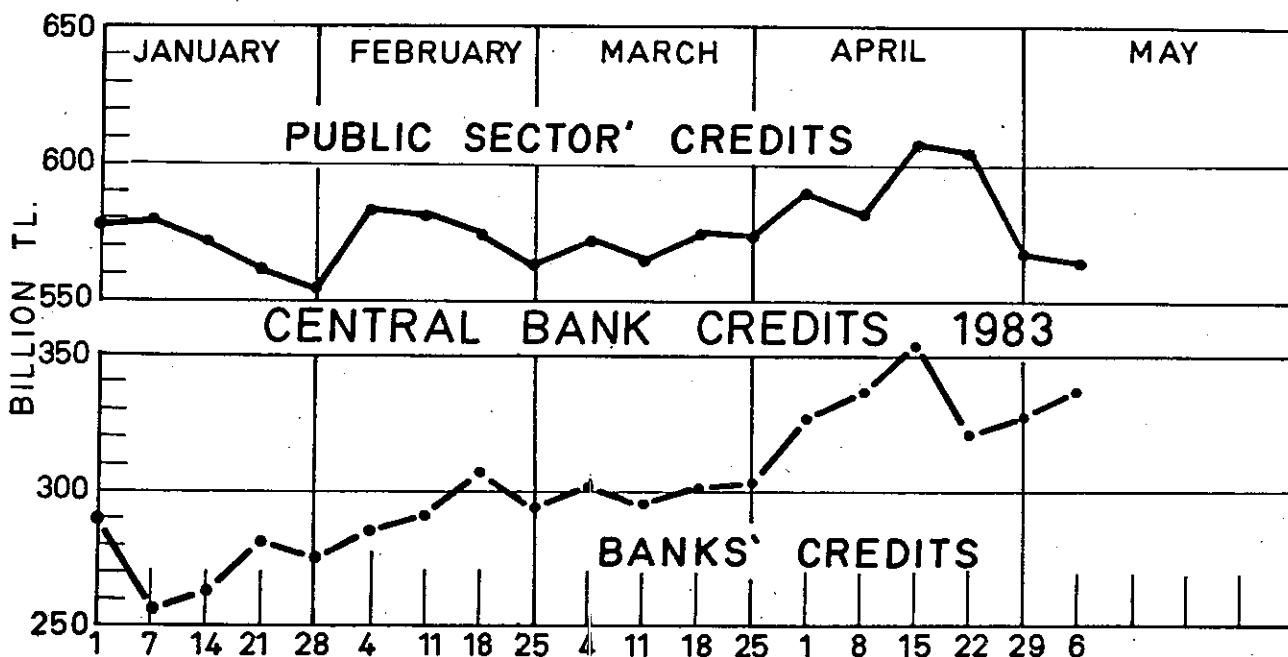
Central Bank credits increased by only 2.7% up to the end of April on annual basis. Central Bank credits which amounted to 873.7 billion TL during the first months of 1982 amounted to 897.1 billion TL during the same period of this year. In 1981 and in 1982 the rates of increases were 57.8% and 22.9%.

This reduction in the rate of increase in Central Bank credits is one of the most impressive results of policy measures in last years.

While the credits to the public sector increased by only 9.4%, credits to banks increased by 25.5% and credits to Agricultural Cooperatives show even a decrease of 94.4% which was a decrease of only 1.7% in 1981.

CENTRAL BANK CREDITS  
(As end of April)

	1980	1981	%	1982	%	1983	%
	(Billion TL.)						
Total Credits	450.3	710.7	57.8	873.7	22.9	897.1	2.7
1)Public Sector	284.4	438.5	54.2	519.3	18.4	568.3	9.4
2)Banks	111.3	173.7	56.1	257.6	48.3	323.4	25.5
3)Agricultural Cooperatives	54.6	98.5	80.4	96.8	-1.7	5.4	-94.4



### The Central Bank Balance Sheet

By the end of the first four months of 1983, the Central Bank's Balance Sheet totals Central Banks had increased by 29.9 percent on an annual basis.

Central Banks credits increased at an annual rate of 2.7 percent, which is a very low rate in comparison with past expansion under this heading. The decrease is mainly due to the fall in the volume of credits to the Agricultural Cooperatives from 96.8 billion TL to 5.4 billion TL with however, a corresponding increase in the Bank's consolidated accounts.

Credits to Public Institutions increased by an annual rate of only 9.4 percent, a remarkably rate of increase much below the rate of inflation for the same period. The two main sub-items show slightly differing rates of change; short-term advances to the Treasury increased by 15.7 whilst credits to State Economic Enterprises increased by 8 percent.

The Banking sector's credits from the Central Bank increased at a rate of 25.5 roughly in line with the inflation rate for the period.

Banknotes in circulation increased by 33.5 percent, a rate high enough to be considered as a validation of the true rate of inflation. Central Bank deposits increased by 30.7, whilst reserves against deposits with the commercial banks increased by 62 percent.

As a result of these varied rates of change, there were important alterations in the distribution of both total assets and total liabilities.

The share of Central Bank Credits fell from 39.4 percent to 31.2 percent of total assets; credits to Public Institutions dropped from 23.4 percent to 19.7 percent, short term advances to the Treasury were down from 11.3 to 10.1 percent and advances to the State Economic Enterprises declined from 7.2 to 6.0 percent. Credits to the banks decreased slightly, from 11.6 to 11.2 percent. As was to be expected credits to the Agricultural Cooperatives decreased from 4.4 percent to 0.2 percent whilst consolidated accounts increased from 22.8 percent to 24.3 percent.

The share of banknotes in circulation increased from 17.9 percent to 18.4 percent of overall liabilities. Central Bank deposits remained constant at 32.5 percent, but the main component, reserves against deposits with the commercial banks, increased to 16.4 percent from 13.1 percent of overall liabilities.

CENTRAL BANK BALANCE SHEET  
(End of April)

(Billion TL.)

	1982	1983	% Change	Distribution 1982	1983
Gold and Foreign Exchange Credits	207.7	261.7	26.0	9.4	9.1
Public Institutions	873.7	897.1	2.7	39.4	31.2
of which Short term advance to the Treasury	519.3	568.3	9.4	23.4	19.7
State Economic Enterprises	251.1	290.6	15.7	11.3	10.1
Banks	159.1	171.9	8.0	7.2	6.0
Agricultural Cooperatives	257.6	323.4	25.5	11.6	11.2
Consolidated Accounts	96.8	5.4		4.4	0.2
Gold and Foreign Exchange Other Accounts	505.2	699.7	38.5	22.8	24.3
	410.9	684.4	66.6	18.5	23.8
	218.6	335.6	53.5	9.9	11.7
	2,216.1	2,878.5	29.9	100.0	100.0
Banknotes in Circulation	396.0	528.5	33.5	17.9	18.4
Foreign Exchange Deposits	10.9	43.3	298.2	0.5	1.5
of which Reserve Requirements	716.8	936.6	30.7	32.3	32.5
Imports	291.0	471.4	62.0	13.1	16.4
Deposits	63.2	48.8	-22.8	2.9	1.7
Foreign Exchange Other Accounts	921.7	1,206.7	30.9	41.6	41.9
	106.9	114.5	7.1	4.8	4.0
	2,216.1	2,878.5	29.9	100.0	100.0

### 3. BANK DEPOSITS

In the first four months of 1983 total bank deposits decreased by 4.3 percent, as against an increase of 3.9 percent in the corresponding period of 1982. Saving deposits increased by 7.2 percent in contrast to an increase of 17.4 percent in 1982. Time deposits stagnated in the first four months of 1983, with a rate of increase of only 0.3 percent compared with a remarkably high 27.6 percent rise in the first four months of 1982. The rapid growth of certificates of deposit, by 47.3 percent, in the first four months of 1982 did not continue in 1983; in fact, there was a decrease of 32.6 percent in the period January-April 1983. However, sight deposits increased by 35.2 percent in 1983 as against a decrease of 12.4 percent in 1982. Commercial sight deposits continued to decrease in 1983 by 28.4 percent; they had fallen by 27.1 percent in 1982.

Not all bank groups performed at the same rate: public sector banks increased their total deposits by 1.9 percent in the first four months of 1983. Total deposits fell by 8.4 percent in the "Big 8" private sector banks and by 10.5 percent in the remaining private banks. Foreign banks' total deposits went down by 1.5 percent.

Time deposits increased by 7.5 percent in the public sector banks, by 10.9 percent in the "Big 8" private banks, by only 2.3 percent in the remaining private banks and by 221.4 percent in the foreign banks.

On an annual basis, from April 1982 to April 1983 total deposits increased by 47.4 percent, saving deposits by 49.9 percent and time deposits by 39.4 percent; certificates of deposit decreased by 22.8 percent.

Over the twelve months, the public sector banks increased their deposits by 64.2 percent and the foreign banks by 61.9 percent; the "Big 8" private banks increased their deposits by 37.2 percent and the remaining private sector banks' deposits improved by 29.4 percent.

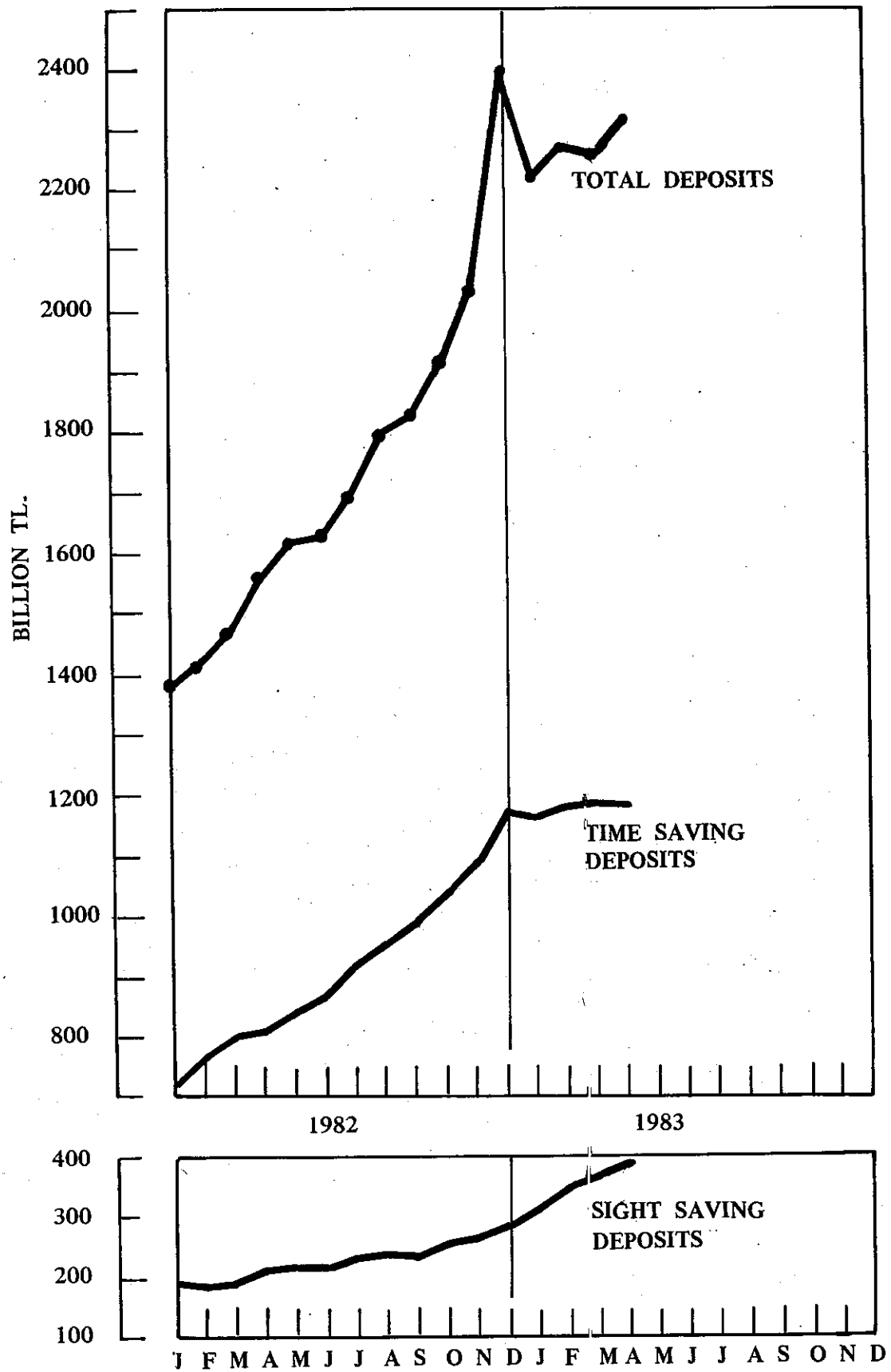
The total deposits/currency ratio increased from 2.83 in April 1981 to 3.66 in April 1982 and to 3.99 in April 1983, and the time deposits/currency ratio increased from 0.95 to 1.98 and to 2.22 respectively.

DEPOSIT BANKS' DEPOSITS

(Billion TL.)

	1981		1982		1983		% Change	
	December	April	December	April	22 April	From Dec.to April 1982	1983	April to April 1983
Total Deposits	1,509.5	1,568.4	2,416.7		2,311.9	3.9	- 4.3	47.4
Saving Deposits	890.7	1,045.4	1,462.2		1,567.3	17.4	7.2	49.9
a) Time	662.2	845.2	1,174.3		1,178.2	27.6	0.3	39.4
Time Saving	511.7	623.5	920.2		1,007.1	21.8	-9.4	61.5
Certificates of Dep.	150.5	221.7	254.1		171.1	47.3	-32.6	-22.8
b) Sight	228.5	200.2	287.9		389.1	-12.4	35.2	94.3
Sight Commercial	485.5	353.7	665.2		476.2	-27.1	-28.4	34.6
Other	160.3	169.2	289.4		268.5	5.6	- 7.2	58.7
1) Public Deposit Banks	527.7	588.6	948.2		966.3	11.5	1.9	64.2
Sight Commercial	117.4	108.2	184.6		144.0	- 7.8	-22.0	33.1
Sight Saving	76.6	72.4	107.3		137.1	- 5.5	27.8	89.4
Time Saving	169.0	217.2	404.0		434.4	28.5	7.5	100.0
Certificates of Dep.	30.5	33.4	44.0		30.3	9.5	-31.1	- 9.3
2) Private Deposit Banks	952.7	950.8	1,421.0		1,298.8	- 0.2	- 8.6	36.6
a) "Big 8" Deposit Banks	905.2	874.9	1,311.3		1,200.6	- 3.3	- 8.4	37.2
Sight Commercial	310.9	216.5	424.9		284.7	-30.4	-33.0	31.5
Sight Saving	139.0	120.0	158.5		224.2	-13.7	41.5	86.8
Time Saving	323.7	378.6	484.2		536.9	17.0	10.9	41.8
Certificates of Dep.	105.7	148.2	164.2		107.7	40.2	-34.4	27.3
b) Other Private Deposit Banks	47.5	75.9	109.7		98.2	59.8	-10.5	29.4
Sight Commercial	19.8	17.4	33.1		29.6	-12.1	-10.6	70.1
Sight Saving	4.3	4.0	5.5		8.3	- 7.0	50.9	107.5
Time Saving	12.5	18.4	30.7		31.4	47.2	2.3	70.7
Certificates of Deposit	10.8	35.9	39.1		28.2	232.4	-27.9	21.4
3) Foreign Deposit Banks	29.0	28.9	47.5		46.8	- 0.3	- 1.5	61.9
Sight Commercial	10.3	11.5	22.6		17.8	11.7	-21.2	54.8
Sight Saving	8.5	3.8	16.5		19.4	-55.3	17.6	410.5
Time Saving	6.6	9.3	1.4		4.5	40.9	221.4	-51.6
Certificates of Deposit	3.6	4.3	6.8		4.9	19.4	-27.9	14.0

**TOTAL DEPOSITS , TIME SAVING DEPOSITS &  
SIGT SAVING DEPOSITS**



# THE CHANGE IN DEPOSIT/CURRENCY RATIOS

	(Billion TL.)				
	Total Deposits (D)	Time Deposits (D)	Banknotes Issued (C)	D/C	TD/C
December 1980	745.5	177.0	278.6	2.67	0.63
April 1, 1981	759.5	255.2	268.3	2.83	0.95
December 1981	1,509.5	662.2	386.4	3.91	1.71
April 1, 1982	1,477.9	800.5	403.9	3.66	1.98
December 1982	2,416.7	1,174.3	542.7	4.45	2.16
April 1, 1983	2,303.1	1,280.5	577.5	3.99	2.22

## 4. CAPITAL/DEPOSIT RATIOS OF THE BANKING SYSTEM

There were considerable improvements in 1982 in the capital/deposit ratios of the banking system. Ratios are back to their 1972 levels but remain lower than those established in 1962 and 1967.

As to the ratios of paid up capital to total deposits and to savings deposits, they continued to fall in 1982. The indications are that an improvement of these ratios is necessary for the establishment of a sounder banking system. Paid up capital/deposit ratios in 1982 were approximately one-fifth of those for 1962.

## NOMINAL CAPITAL EQUITY CAPITAL AND DEPOSITS IN THE BANKING SECTOR

	(Million TL.)					
	1962	1967	1972	1977	1981	1982
Total Deposit	9,691	21,716	70,873	243,537	1,648,099	2,593,664
Saving Deposit	5,502	14,344	42,103	123,245	901,152	1,501,250
Nominal Capital	4,001	5,512	11,652	77,942	187,861	422,705
Equity Capital	3,695	5,204	10,567	21,967	156,453	213,153
Paid-up Capital	3,065	4,211	8,638	16,547	130,451	175,094
Nominal Capital as a Percentage of total Dep.	41.29	25.38	16.44	7.35	11.40	16.30
Nominal Capital as a Percentage of Sav.Dep.	72.72	38.43	27.67	14.53	20.85	28.16
Equity Capital as a Percentage of Tot.Dep.	38.13	23.96	14.91	9.01	9.49	8.22
Equity Capital as a Percentage of Sav.Dep.	67.16	36.28	25.10	17.82	17.36	14.20
Paid Capital as Percen- tage of Total Dep.	31.63	19.39	12.19	6.79	7.92	6.75
Paid Capital as Percen- tage of Saving Dep.	55.71	29.36	20.52	13.43	14.48	11.66

Development and Investment Banks are excluded.



## 5. BANK CREDITS

Overall, bank credits increased by 9.7, deposit bank credits by 10.3 percent and development and investment bank credits by 6.8 percent, during the first four months of 1983. During the same period, Central Bank direct credits increased by 5.2 percent. The credit stock of the economy thus increased by 12.8 percent as against a rise of 4.3 percent in the same period of 1982.

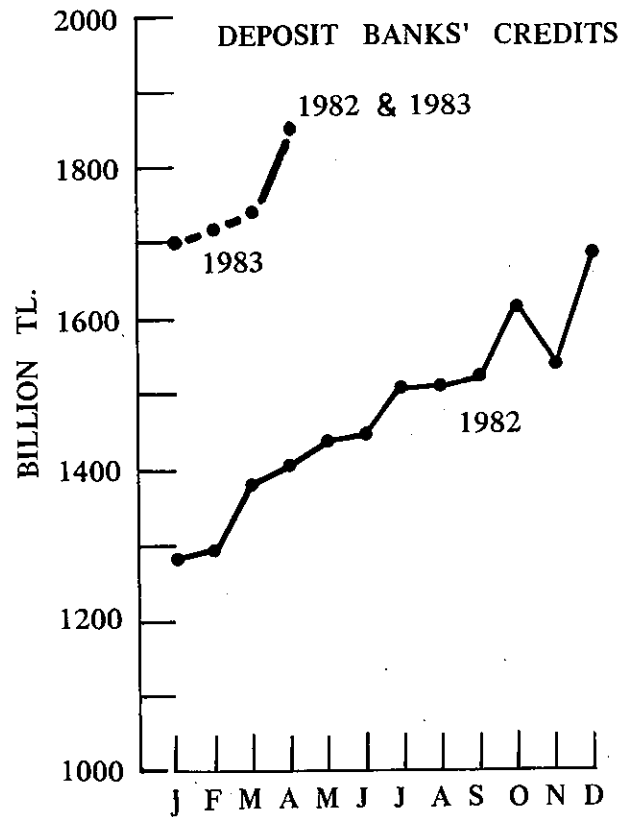
On an annual, April to April basis the total credit stock increased by 28.8 percent, bank credits increased by 31.8 percent, deposit banks' credits rose by 31.2 percent, development and investment banks' credits were up by 34.7 percent, and Central Bank direct credits advanced by 18.0 percent.

Credit stock at real prices made considerable headway in 1982, but has so far failed to do so in 1983. In April 1981 the total credit stock expressed in 1963 prices was 43.5 bn TL; it jumped to 49.8 bn TL in April 1982. In April 1983 it stood at only 50.9 bnTL less than in December 1982, when it was 52 bn TL. The April 1983 real credit stock is equal to the real credit stock in December 1979 (50.5 bn TL) but continues to be lower than the real credit stocks of December 1977 (70.8 bn TL) and December 1978 (60.5 bn TL).

### CREDIT STOCK

(Billion TL.)

	1981 December	1982 April	1982 December	1983 22 April	From Dec. to April 1982	% Change 1983	From April to April 1983
Credit Stock	2,059.1	2,147.2	2,451.8	2,765.4	4.3	12.8	28.8
1) Bank Credits	1,563.9	1,681.4	2,019.1	2,215.6	7.5	9.7	31.8
A) Deposit Banks	1,328.7	1,420.9	1,690.7	1,864.6	6.9	10.3	31.2
- Public Dep.B.	668.9	681.8	766.7	862.2	1.9	12.5	26.4
- Private Dep.B.	625.3	711.6	894.6	966.2	13.8	8.0	35.8
- Big Eight Private Dep.B.	577.9	650.4	813.0	873.5	12.5	7.4	34.3
- Other Private Deposit Banks	47.4	61.2	81.6	92.7	29.1	1.2	51.5
- Foreign Dep.B.	24.5	27.4	29.4	36.2	11.8	23.1	32.1
B) Development & Inv. Banks	245.2	260.5	328.5	351.0	6.2	6.8	34.7
State Inv. Bank	172.5	140.3	219.6	238.5	-18.7	8.6	70.0
Other	72.7	120.2	108.8	112.5	65.3	3.4	- 6.4
2) Central Bank Direct Credits	495.2	465.9	522.7	549.8	- 5.9	5.2	18.0



**REAL CREDIT STOCK**

(Billion TL.)

	Credit Stock	Wholesale Prices Index 1963:100	Credit Stock at Constant Prices
December 1977	414.2	584.8	70.8
December 1978	526.0	869.9	60.5
December 1979	796.1	1,577.8	50.5
December 1980	1,326.3	3,071.4	43.2
April 1, 1981	1,415.5	3,256.6	43.5
December 1981	2,059.1	3,858.8	53.4
April 1, 1982	2,104.4	4,226.7	49.8
December 1982	2,503.6	4,816.5	52.0
April 1, 1983	2,668.1	5,246.3	50.9

## 6. INFLATION

After three years of uncertainty in a strongly inflationary climate, the Turkish Economy is now developing with a much lower rate of inflation. This is to be seen from the rates of rise in the various price indices provided below. Nonetheless, it will be observed that the rate of inflation continues to be high by international standards. It indicates the presence of supply side forces as contrasted to the demand side, which has been largely restricted by a relatively tight monetary policy, and by an incomes policy which has been especially effective in the cases of wages, salaries and agricultural support prices.

Price indices show rates of increase, calculated from April 1982 to April 1983, as low as 23.7 percent for the Wholesale Prices Index of the Ministry of Commerce. As of April 1983, an analysis of price increases by regions shows that Ordu, Diyarbakir, Bursa and Adana had the lowest rates of increase whilst Antalya (36.9%), Kayseri (34.3%), Erzurum (31.8%) Eskisehir (31.2%) Zonguldak (31.8%) had the highest.

The composition of price increases as between food and industrial raw materials indicates that the latter continue to increase by much bigger margins. By April 1983, the annual rate of increase for food was 16.3 percent, as contrasted to 32.6 percent for industrial raw materials. As a result of these developments, the internal terms of trade continued to move against food, from 79.1 percent in April 1981 to 72.4 percent in 1982 and to 63.5 percent in April 1983.

### CONSUMER PRICES INDEX 1978-1979= 100

Cities	April 1983 Index Number	January-April 1983	April 1983 April 1982
Adana	538.9	7.9	28.0
Ankara	544.6	9.8	30.1
Antalya	553.0	12.9	36.9
Bursa	533.3	9.5	28.2
Diyarbakir	495.0	9.9	28.3
Erzurum	486.7	10.2	31.8
Eskisehir	527.2	11.3	31.2
Istanbul	549.3	8.3	30.2
Izmir	530.0	10.8	30.9
Kayseri	549.2	12.0	34.3
Ordu	549.0	8.8	28.6
Trabzon	508.1	9.9	29.8
Zonguldak	524.8	12.4	31.2
Turkey	510.8	10.0	29.6

WHOLESALE PRICES INDEX  
1963:100

	Index Number For April 1983	Percentage Change			
		First 4 Months		Annual	
		1983	1982	April to 1983	April 1982
General Index	5362.1	11.3	12.3	23.7	34.2
A) Food & Fodder	4411.6	9.5	11.7	16.3	29.0
1) Food	3764.8	9.1	11.4	13.4	27.9
- Cereals	3744.1	6.0	12.5	8.3	28.6
- Pulses	5429.5	6.8	21.7	4.9	77.0
- Other	3962.0	15.5	7.3	25.4	22.2
2) Livestock	7827.6	28.1	19.4	35.8	41.3
3) Livestock Products	4753.8	0.4	5.0	17.2	30.4
4) Fodder	4124.3	4.1	15.2	4.0	19.4
B) Industrial Raw Mat. and Semi-Manufactured Goods	6946.3	13.4	13.1	32.6	41.0
1) Fuel	10428.8	15.9	14.8	34.7	46.6
2) Minerals	5577.8	12.7	18.5	20.6	56.5
3) Textiles	4654.1	17.8	16.5	40.7	36.4
4) Leather	6599.6	5.0	6.2	7.2	32.5
5) Industrial & Mineral Oils	9628.8	0.2	9.8	29.9	44.5
6) Paper	3759.5	10.0	5.9	20.5	20.1
7) Construction Mat.	7023.0	18.4	11.5	53.7	32.1

Source: Ministry of Commerce

COST OF LIVING INDICES  
1963:100

	(% Changes)	
	Istanbul	Ankara
1979	81.8	71.7
1980	75.1	86.6
1981	28.6	25.9
1982	29.6	29.3
January	4.8	2.8
February	4.4	2.4
March	3.0	1.2
April	2.5	1.5
May	1.2	2.7
June	1.3	2.8
July	1.0	1.4
August	0.6	2.0
September	3.2	3.1
October	1.8	3.0
November	1.2	1.0
December	2.5	2.1
1983		
January	4.1	3.0
February	1.2	3.5
March	1.2	1.7
April	1.7	2.1

WHOLESALE PRICE INDEX  
1963:100

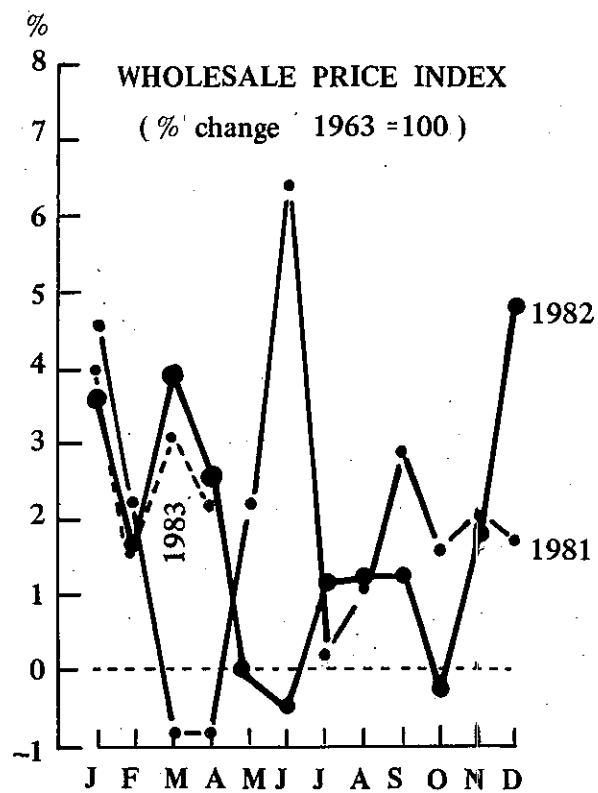
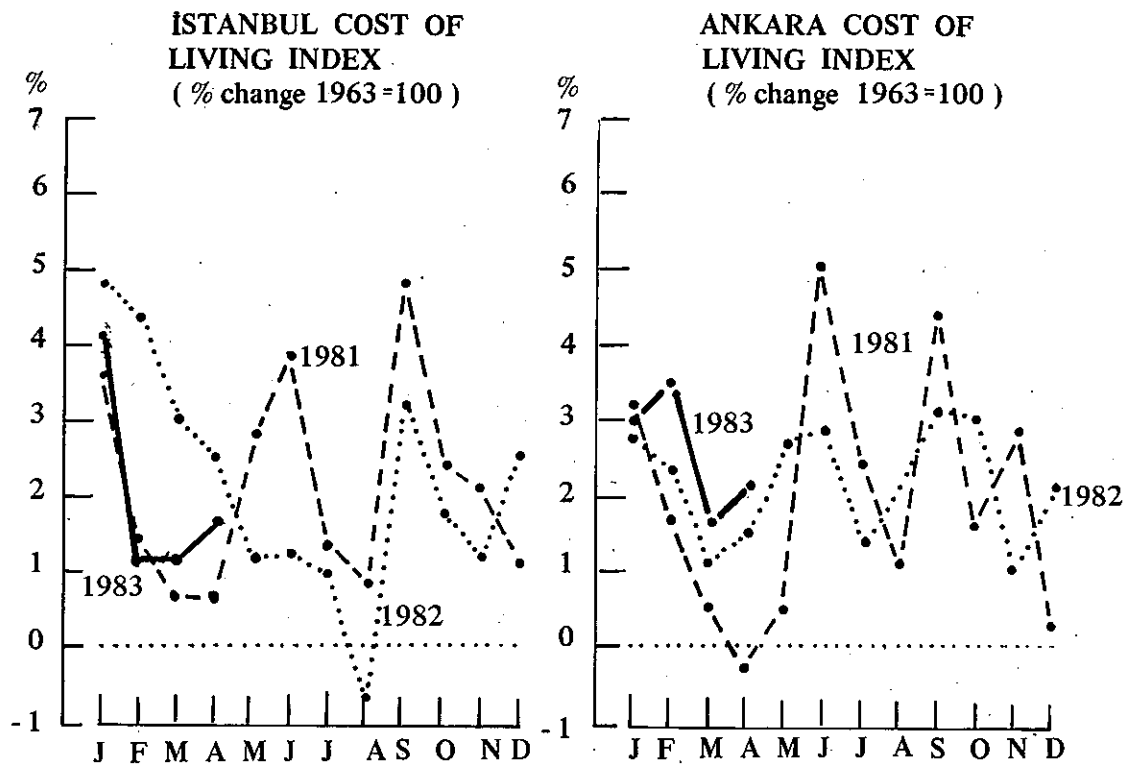
(% Changes)

	General Index	Food and Fodder	Industrial Raw Material
1979	81.4	65.7	103.4
1980	94.7	105.2	82.6
1981	25.6	22.7	29.5
1982	24.8	18.7	32.3
January	3.6	4.2	2.9
February	1.7	1.8	1.6
March	3.9	2.7	5.4
April	2.6	2.5	2.6
May	0.9	1.1	0.7
June	- 0.5	- 0.6	- 0.2
July	1.2	- 0.9	2.8
August	1.3	0.02	2.8
September	1.3	0.6	2.0
October	- 0.2	- 1.5	1.3
November	1.8	3.2	0.4
December	4.8	3.6	6.2
1983			
January	4.0	6.0	1.7
February	1.6	1.9	1.4
March	3.1	0.4	6.2
April	2.2	1.0	3.6

Source: Ministry of Commerce

INTERNAL TERMS OF TRADE

Months	1979	1980	1981	1982	1983
January	86.9	71.1	80.2	74.3	68.6
February	87.2	65.6	82.5	74.4	68.9
March	84.7	69.6	80.6	72.5	65.2
April	75.2	64.2	79.1	72.4	63.5
May	75.0	66.3	79.2	72.7	
June	71.6	66.8	73.5	72.4	
July	72.6	65.5	71.7	70.3	
August	73.3	67.6	70.1	68.5	
September	71.2	71.1	70.3	67.5	
October	69.1	73.2	71.7	67.5	
November	67.9	73.6	72.9	67.4	
December	68.8	77.4	73.3	65.8	
January- December Average	75.3	69.3	75.4	69.8	





## CHAPTER VI

### FOREIGN ECONOMIC RELATIONS

#### 1. EXPORTS

Export performance in the first four months of 1983 may be described as no more than satisfactory. During February the value of exports decreased by 1.7 percent in comparison with 1982 but the total of first four months show an increase of 8.0 percent, as against improvement of 23.8 percent in the same period of 1982.

Although the seasonal variation in exports shows a continuous upward movement from August until April, it is most probable that the 15 percent annual increase foreseen for exports in 1983 will not be realized. It seems more likely that over the full year exports will earn a total of about \$ 6.2 bn, which is \$ 400 mn less than the planners' original estimate of \$ 6.6 bn.

#### EXPORTS (January - April)

(Million \$)

	1978	1979	1980	1981	1982	1983	1979	1980	1981	1982	1983
January	151.2	216.2	236.3	410.6	446.1	478.2	43.0	9.3	73.8	8.6	7.2
February	169.9	249.3	244.1	306.6	410.2	403.4	46.7	-2.1	25.6	33.8	-1.7
March	159.1	196.2	233.6	304.2	447.3	476.5	23.3	19.1	30.2	47.0	6.5
April	182.7	187.4	219.0	316.1	402.1	483.5	2.6	16.9	44.3	27.2	20.2
Total (4 Months)	662.9	849.1	933.0	1,377.5	1,705.7	1,841.6	28.1	9.9	47.6	23.8	8.0



Composition of Exports

EXPORTS  
(January-March)

	1 9 8 2		1 9 8 3
	Tonnes	(000 \$)	Tonnes (000 \$)
AGRICULTURE AND LIVESTOCK		599,823	470,960
A) Crops		536,267	412,268
1) Cereal		30,942	56,781
- Wheat	134,317	22,366	24,752
- Barley	47,595	8,356	31,855
- Others		220	174
2) Pulses		47,575	36,140
3) Industrial Pulses		284,371	177,759
- Tobacco	44,220	139,359	95,032
- Cotton	98,900	133,961	71,459
- Others		11,051	11,268
4) Fruit and Vegetables		167,480	135,636
- Figs (dried)	5,909	4,469	1,672
- Raisins (dried)	18,406	20,767	12,692
- Hazelnuts	33,406	67,932	66,829
- Pistachios	921	5,249	1,490
- Other Hard Shelled Fruits	3,487	9,814	3,290
- Oranges, Tangerines	32,108	10,291	8,191
- Lemon	25,163	11,189	11,078
- Other Citrus Fruit	7,619	1,726	1,015
- Other Fresh Fruits	34,969	15,384	11,746
- Others	2,353	5,434	7,346
- Vegetables	68,632	15,225	10,287
5) Seeds, Oilseeds		5,850	5,794
6) Other Crops		49	158
B) Livestock and Livestock Products		53,796	51,290
1) Livestock		45,983	41,265
2) Wool, Hair		3,772	4,409
3) Raw Skins, Game Skins		31	
4) Other Livestock Products		4,010	5,616
C) Fishery Products		6,481	4,491
1) Edible Fishery Products		5,137	4,129
2) Other Fishery Products		1,344	362
D) Forestry Products		3,294	2,911
MINING AND QUARRYING PRODUCTS		36,673	40,674
A) Non-Metallic Quarrying Products		31,047	33,950
B) Mineral Ores		5,334	6,693
C) Fuels		230	-
D) Other Mining Products		62	31

	1 9 8 2		1 9 8 3	
	Tonnes	(000 \$)	Tonnes	(000 \$)
INDUSTRIAL PRODUCTS		667,025		846,416
A) Agriculture Processed Products		103,496		152,133
1) Food Industry Products		90,124		129,445
2) Food Industry by Products		313		2,695
3) Processed Tobacco Products		20		5
4) Processed Forestry Products		2,832		3,984
5) Processed Textile Fibres		10,207		16,004
B) Processed Petroleum Products		31,689		85,585
C) Manufactured Products		531,840		608,698
1) Cement Industrial Products		88,758		17,127
2) Chemical Industrial Products		21,914		30,210
3) Rubber & Plastics Ind.Pro.		15,496		12,950
4) Leather - Hides Processing		19,250		30,896
5) Forestry Products Industry		5,436		2,658
6) Textile Industry Products		204,353		320,270
- Synthetic and Artificial Fibres	2,469	10,018	8,065	31,173
- Cotton Yarn	22,630	51,170	23,182	65,626
- Synthetic&Artificial Fibres	880	4,186	1,497	7,879
- Grey Cloth	2,121	6,724	2,678	8,871
- Other Cotton Textiles	1,129	7,382	1,843	14,398
- Carpets, Kilims	628	45,584	529	37,872
- Other Textiles	2,970	56,233	4,167	98,600
- Knitwear	385	6,437	1,734	15,208
- Ready To Wear Clothing	1,288	8,665	1,662	17,975
- Others		7,954		22,668
7) Glass & Ceramics Ind.Pro.		26,890		19,260
8) Iron & Steel Ind.Pro.		52,823		72,815
9) Non-Ferrous Metals Ind.Products		7,994		14,931
10) Metal Goods Ind.Products		5,978		3,560
11) Machinery Manufacturing Ind.Pro.		26,414		30,129
12) Electrical Appliances Pro.		13,312		13,174
13) Motor Vehicles Ind.Products		31,753		27,742
14) Other Ind.Products		11,469		12,976
GRAND TOTAL		1,303,536		1,358,050

So far this year, agricultural and livestock exports have declined, by 21.5 percent as compared with the first quarter of 1982.

In fact, the industrial sector and, to a much lesser extent, the mining sector, have been responsible for the modest increase in exports so far this year. Shipments of manufactured goods increased by 26.9 percent in the first months of 1983.

Although during the first quarter there were increases in the value of exports of wheat and barley, there were also marked decreases in earnings from exports of tobacco (down 31.9 percent), cotton (46.6 percent), hazelnuts (1.8 percent) and sultanas (38.9 percent). The total export proceeds of the four last mentioned items, which was \$ 362.2 mn in 1982, fell by \$ 116.2 mn to \$ 246.0 mn in 1983.

The 26.9 percent overall increase in exports of industrial goods was achieved in spite of decreases in the value of shipments of several important items. Whereas the quantity of cotton yarn exported increased from 22,630 to 23,182 tonnes revenue fell by 28.3 percent. Other items which showed a decrease in their export value included Cement (80.9 percent), rubber and plastics (17.1 percent), forestry products (51.1 percent), glass and ceramics (29.6 percent), motor vehicles (12.5 percent). Because of the above mentioned decreases in values, exports as a whole increased only by 4.2 percent.

Taking into consideration the performance during the first three months of 1983, the very marked improvement in exports of industrial products and at the same time, assuming that there will be no further significant decline in the rate of earnings from exports of agricultural goods, it is reasonable to conclude that total exports earnings in 1983 will reach only some \$ 6.2 bn.

#### Geographical Distribution of Exports

The geographical distribution of exports changed again in the first four months of 1983. The OECD countries' share increased from 44.4 percent of the total in the first four months of 1982 to 50.3 percent in the same period of 1983.

Exports to Free Exchange Agreement countries fell to 44.9 percent of from 50.7 percent and exports to the COMECON countries dropped to 4.7 percent of total exports in the first four months of 1983 from 7.1 percent in the same period of 1982.

On the other hand, exports to Middle East and North African countries decreased from 41.7 percent of total exports in the first four months of 1982 to 38.5 percent in the same period of this year.

GEOGRAPHICAL DISTRIBUTION  
OF EXPORTS  
(January-April)

	1 9 8 2		1 9 8 3	
	(000 \$)	(%)	(000 \$)	(%)
OECD COUNTRIES	757,475	44.41	926,996	50.34
A)EEC Countries	467,753	27.42	675,373	36.67
- West Germany	218,316	12.80	257,181	13.97
- Belgium - Luxemburg	29,953	1.76	37,164	2.02
- Denmark	4,586	0.27	5,036	0.27
- France	52,517	3.08	50,542	2.74
- Holland	27,917	1.64	36,229	1.97
- United Kingdom	58,573	3.43	102,578	5.57
- Ireland	486	0.03	644	0.03
- Italy	66,144	3.88	167,513	9.10
- Greece	9,261	0.54	18,486	1.00
B)Other OECD Countries	289,722	16.99	251,623	13.66
- Austria	23,357	1.37	26,307	1.43
- U.S.A.	99,961	5.86	88,195	4.79
- Switzerland	123,551	7.24	94,762	5.15
- Japan	12,746	0.75	12,074	0.66
- Others	30,107	1.77	30,286	1.64
FREE EXCHANGE AGREEMENT COUNTRIES	864,067	50.66	827,319	44.92
A)East European Countries	121,254	7.11	86,657	4.71
B)Middle East and North Africa Count.	711,892	41.74	709,038	38.50
- Algeria	40,700	2.39	41,085	2.23
- Iraq	299,645	17.57	62,071	3.37
- Iran	97,099	5.69	347,394	18.86
- Libya	102,170	5.99	73,645	4.00
- Egypt	49,166	2.88	33,133	1.80
- Sudan	28	0.00	2,061	0.11
- Syria	21,952	1.29	25,447	1.38
- Saudi Arabia	71,371	4.18	77,838	4.23
- Tunisia	9,584	0.56	23,176	1.26
- Jordan	20,177	1.18	23,188	1.26
C)Others	30,921	1.81	31,624	1.72
OTHER COUNTRIES	84,119	4.93	87,264	4.74
A)Middle East Countries	60,599	3.55	68,734	3.73
- Abu-Dhabi	3,361	0.20	1,015	0.06
- Bahrain	663	0.04	791	0.04
- Katar	355	0.02	1,160	0.06
- Umman	58	0.00	16	0.00
- Dubai	3,077	0.18	4,067	0.25
- Kuwait	18,918	1.11	21,558	1.17
- Lebanon	34,167	2.00	39,587	2.15
B)Others	23,520	1.38	18,530	1.01
- Nigeria	8,885	0.52	1,169	0.06
- Others	14,635	0.86	17,361	0.94
TOTAL	1,705,661	100.00	1,841,579	100.00

## 2. IMPORTS

Imports were valued at \$ 2,787.8 mn in the first four months of 1983, indicating that the year's total of \$ 10 bn envisaged in the 1983 Development Programme will be probably be attained. The rate of increase in comparison with the first four months of 1982 was of 18.0 percent.

### IMPORTS (January-April)

(Million \$)

	1978	1979	1980	1981	1982	1983	1979	1980	1981	1982	1983
January	184.2	279.0	419.6	774.0	607.9	731.0	51.5	50.4	84.5	-21.5	20.2
February	495.3	389.6	586.8	849.0	668.1	713.7	-21.3	50.6	44.7	-21.3	6.9
March	283.2	525.8	370.1	677.0	684.5	859.6	85.7	-33.6	82.4	1.1	25.5
April	439.5	386.7	366.5	650.8	402.1	483.5	-12.0	- 5.2	77.6	-38.2	20.2
Total (4 months)	1,402.2	1,581.1	1,743.0	2,950.8	2,362.6	2,787.8	12.8	10.2	69.3	-19.9	18.0

### Composition of Imports

An analysis of imports by commodity categories, shows that in 1983 still greater emphasis was put on crude oil imports than in the first three months of last year. Volume-wise, crude imports increased by no less than 40 percent in the first three months of 1983 and, by value, crude oil's share of total imports rose from 37.7 percent in 1982 to 41.1 percent in the first quarter of this year. Average per-tonne costs were about 7 percent lower in 1983.

Industrial products accounted for 56.2 percent of total imports, as against 56.5 percent in the first quarter of 1982.

IMPORTS  
(January-March)

	1 9 8 2		1 9 8 3	
	Tonnes	(000 \$)	Tonnes	(000 \$)
AGRICULTURE AND LIVESTOCK SECTOR		62,524		22,693
- Wheat	212,301	39,508		-
- Rice	10,475	4,887		-
- Merines Wool	1,822	8,814	2,876	12,092
- Skins	1,602	2,508	1,352	2,490
- Cocoa	1,600	2,636	681	1,179
- Others		4,171		6,932
MINING AND QUARRYING		778,469		1,017,809
- Crude Oil	2,762,840	739,175	3,873,012	966,285
- Others		39,294		51,524
INDUSTRY SECTOR		1,107,848		1,296,398
A) Agricultural Based Processed Pro.		37,815		56,355
- Paper	15,055	7,320	20,219	8,107
- Oils & Fats Other Oils	2,158	1,654	19,251	9,794
- Textile Fibres	3,114	6,623	10,220	17,984
- Suet	2,764	1,763	8,794	4,814
- Soya Bean Oil	36,631	18,323	33,338	14,646
- Others	-	2,132	-	1,010
B) Petroleum Products	244,570	62,023	231,014	54,090
- Fuel Oil	78,715	12,797	28,411	4,902
- Petroleum Gases	71,850	21,319	121,448	33,609
- Motorin	52,247	16,594	21,434	6,862
- Others	-	11,313	-	8,717
C) Manufactured Goods		1,008,010		1,185,953
- Cement		71		58
- Chemical Ind.Products		206,582		292,856
-- Fertilizers	129,794	17,046	175,044	16,900
-- Others		189,546		275,956
- Rubber & Plastics		56,934		60,627
- Leather Hide Process Goods		97		139
- Forestry Products		1,175		913
- Textile Ind.Products		21,665		21,848
- Glass & Ceramics Ind.Products		7,398		14,033
- Iron & Steel		141,503		173,799
- Non Ferrous Metals		26,136		32,801
- Metal Goods Ind.Products		14,171		12,960
- Machinery Manufactured Ind.Pro.		285,028		331,022
- Electrical Appliances		83,004		93,821
- Motor Vehicles Ind.Products		121,729		104,427
- Other Industry		42,517		46,649
IMPORTS WITH WAIER		11,511		12,352
GRAND TOTAL		1,960,352		2,349,252

## Geographical Distribution of Imports

The geographical distribution of imports also showed a change in the first quarter of 1983 as compared with the same period of 1982; imports from the OECD countries decreased from 52.3 percent of the total in the first quarter of 1982 to 46.8 percent in the same period of this year. Imports from free exchange agreement countries increased from 44.3 percent to 49.5 percent. Imports from Middle East and North African countries also increased, from 38.3 percent of the total to 42.3 percent, largely because of bigger crude oil imports.

## COMPOSITION OF JANUARY-MARCH IMPORTS

(000.\$)

	1980	1981	1982	1983	Percentage Distribution				Percentage Change		
					1980	1981	1982	1983	1981	1982	1983
Agricultural Products and Livestock	12,352	14,919	62,504	22,693	0.9	0.6	3.1	1.0	20.8	318.9	-63.7
Mining and Quarrying Pro.	378,837	1,003,888	778,469	1,017,809	27.3	43.5	39.7	43.3	153.0	-22.5	30.7
Industrial Products	974,204	1,264,046	1,107,971	1,296,398	70.3	54.9	56.5	55.2	29.3	-12.3	17.0
- Agricultural-Based Processed Products	19,471	44,355	37,815	56,355	(1.4)	(1.9)	(1.9)	(2.4)	128.0	-14.7	49.0
- Petroleum Products	195,549	180,333	62,023	54,090	(14.1)	(7.8)	(3.2)	(2.3)	- 7.8	-65.6	-12.8
- Industrial Products	759,184	1,039,370	1,008,133	1,185,953	(54.8)	(45.2)	(51.4)	(50.5)	36.9	- 3.0	17.6
Imports With Waiver	20,284	20,370	11,388	12,352	1.5	0.8	0.6	0.5	0.4	-44.1	8.5
Total	1,385,677	2,303,233	1,960,352	2,349,252	100.0	100.0	100.0	100.0	65.8	-14.9	19.8

GEORAPHICAL DISTRIBUTION OF IMPORTS  
(January-March)

	1982		1983	
	(000 \$)	(%)	(000 \$)	(%)
OECD COUNTRIES	1,025,274	52.3	1,100,394	46.8
A) EEC Countries	595,888	30.4	656,160	27.9
- West Germany	229,701		277,341	
- Belgium-Luxemburg	30,946		26,429	
- Denmark	8,531		4,975	
- France	61,692		60,695	
- Holland	42,289		51,624	
- United Kingdom	91,707		110,291	
- Ireland	735		1,957	
- Italy	129,405		120,255	
- Greece	882		2,593	
B) Other OECD Countries	429,386	21.9	444,234	18.9
- Austria	30,815		32,315	
- U.S.A.	177,686		177,466	
- Switzerland	86,361		68,500	
- Japan	62,354		62,360	
- Others	72,170		103,593	
FREE EXCHANGE AGREEMENT COUNT.	868,639	44.3	1,162,563	49.5
A) East European Countries	90,413	4.6	133,815	5.7
B) Middle East and North Africa C.	751,721	38.3	992,951	42.3
- Algeria	725		991	
- Iraq	486,471		329,185	
- Iran	-		318,428	
- Libya	222,838		240,774	
- Egypt	532		20,726	
- Syria	389		446	
- Saudi Arabia	32,723		73,689	
- Tunisia	7,613		5,707	
- Jordan	430		3,005	
C) Others	26,505	1.4	35,797	1.5
OTHER COUNTRIES	66,439	3.4	86,293	3.7
A) Middle East Countries	23,075	1.2	33,492	1.4
- Abu-Dhabi	24		-	
- Katar	-		3,642	
- Dubai	-		3	
- Kuwait	21,319		29,264	
- Lebanon	1,732		583	
B) Others	43,364	2.2	52,801	2.3
- Others	43,364		52,801	
GRAND TOTAL	1,960,352	100.0	2,349,250	100.0



### Imports by Source of Finance

A comparison of the first quarter's imports with those in the same period of 1982, shows that programme (i.e. own resources) imports represented 92.4 percent of to the total as against 91.2 percent. Liberalised imports represented 90.1 as against 86.7 and quota imports went down from 3.7 percent to 0.8 percent. Bilateral agreement imports increased by 122.0 percent. In so far as self-financing imports were concerned, foreign investment was up from 0.2 percent to 0.7 percent of the total and imports with waiver (i.e. free of foreign exchange payment) fell by almost 10 percent.

### IMPORTS BY SOURCE OF FINANCE

	(000 \$)		
	1981	March 1982	1983
Liberalization	501,131	581,375	756,721
Quota List	97,302	39,734	13,910
Bilateral Agreements	3,271	3,193	5,279
Self Financing Imports	601,704	624,302	775,910
NATO-Infrastructure	748	1,040	2,363
Private Foreign Capital	4,590	1,384	2,481
Project Credits	65,367	54,978	74,276
Imports With Waiver	4,648	3,144	4,534
a) With Waiver	(3,979)	(2,910)	(3,323)
b) Granted	( 699)	( 234)	(1,211)
Others	491	-	-
TOTAL	667,548	684,848	859,564
January - March			
Liberalization	1,855,239	1,699,707	2,116,647
Quota List	253,750	73,320	19,210
Bilateral Agreements	22,571	15,338	34,051
Self Financing Imports	2,131,560	1,788,365	2,169,908
NATO-Infrastructure	2,931	4,535	6,241
Private Foreign Capital	15,473	4,559	16,054
Project Credits	132,082	151,159	144,699
Imports With Waiver	20,369	11,506	12,348
a) With Waiver	(18,366)	(10,619)	(9,568)
b) Granted	( 2,003)	( 887)	(2,780)
Others	809	228	-
TOTAL	2,303,224	1,960,352	2,349,250

### 3. BALANCE OF TRADE

The balance of trade for the first four months of 1983 shows a widening deficit as a result of the slow-down in exports and rise in imports which however changed in April. In April the trade deficit was only \$ 181.7 million as compared to 383.1 a month before. The deficit increased from \$ 1,014.4 mn in the first four months of 1982 to \$ 1,127.9 mn in the same period of this year.

#### BALANCE OF TRADE

(Million \$)

	IMPORTS					EXPORTS					TRADE DEFICIT				
					% Change					Change					% Change
	1981	1982	1983			1981	1982	1983			1981	1982	1983		
January	773.9	608.0	731.0	-21.5	20.2	410.6	446.1	478.2	8.6	7.2	363.3	161.9	252.8	-55.4	56.2
February	849.0	667.6	713.7	-21.3	6.9	306.5	410.2	403.4	33.8	-1.7	542.5	257.4	310.3	-52.6	20.6
March	677.0	684.8	829.6	1.1	25.5	304.2	447.3	476.5	47.0	6.5	370.8	237.5	383.1	-35.9	61.3
April	650.8	259.6	665.2	16.7	-12.4	316.1	402.1	483.5	27.2	20.2	334.7	357.5	181.7	6.8	-49.2
Total	2,950.8	2,720.1	2,969.5	-7.8	9.2	1,377.5	1,705.7	1,841.6	23.8	8.0	1,573.3	1,014.4	1,127.9	-35.5	11.2

This can also be seen from the decreased Export/Import ratio, which moved from 62.7 in the first four months of 1982 to 62.0 percent in the corresponding period of 1983.

### 4. INVISIBLES

#### Workers' Remittances

#### WORKERS' REMITTANCES MONTHLY

(Million \$)

	1979	1980	%	1981	%	1982	%	1983	%
January	83.1	83.3	0.2	143.4	72.3	149.2	4.0	121.0	-18.9
February	75.4	173.3	129.8	134.8	-22.2	130.8	-3.0	105.7	-19.2
March	55.6	111.7	100.9	139.7	25.1	147.0	5.2	129.3	-12.0
April	128.6	114.8	-10.7	159.1	38.6	152.4	-4.2	110.0*	-27.8

\*provisional

WORKERS' REMITTANCES  
(CUMULATIVE)

(Million \$)

	1979	1980	%	1981	%	1982	%	1983	%
January	23.1	83.3	0.2	143.4	72.1	149.2	4.0	121.0	-18.9
February	158.5	256.6	61.9	278.2	8.4	280.0	1.7	226.7	-19.0
March	214.1	368.3	72.0	417.9	13.5	427.3	2.9	356.1	-16.7
April	342.7	483.1	41.0	577.0	19.4	579.7	0.5	466.0	-19.6

Workers remittances decreased by 19.6 percent during the first four months of 1983, to a total of \$ 466 mn. The rate of decrease was between 12 and 28% to during these four months.

(Million \$)

	April		January-April	
	1983	1982	1983	1982
Export	483.5	402.1	1,841.6	1,705.7
Workers' Remittances	110.0*	152.4	466.0	579.7
Total	593.5	554.5	2,307.6	2,285.4
Import	665.2	759.6	2,969.5	2,720.1
Export-Workers' Remittances/Import	89.2	73.0	77.7	84.0

\*provisional

The exports plus workers' remittances over imports ratio decreased from 84.0 percent in the first four months of 1982 to 77.7 percent in the corresponding period of 1983.

Tourism

On the other hand, net tourism revenues increased by 29.1 percent in the first two months of 1983 as compared with the same period of 1982.

BREAKDOWN OF TOURISM RECEIPTS BY  
YEARS AND MONTHS

	(Million \$)				
	1983 (1)	1982 (2)	1981 (3)	Change (1-2)	% (2-3)
January	15.0	11.4	13.3	31.6	-14.3
February	20.0	15.7	12.2	27.4	28.7

Net tourism receipts for the period January-February were \$ 35 million, an increase of 29.1% which compares with a rise of only 5.4% in the previous comparable period.

## 5. FOREIGN CAPITAL INVESTMENT

In the first four months of 1983, the investment applications of 30 foreign firms were approved, bringing in \$ 36.54 million of capital, \$ 21.34 million from West Germany, \$ 10.22 million from Switzerland and \$ 5 million from 11 other countries. Of the total, \$ 20.81 million is for the expansion of existing equity \$ 8.24 million entirely new capital.

BREAKDOWN BY COUNTRIES OF FOREIGN CAPITAL INVESTMENTS  
AUTHORISED UNDER LAW 6224 IN THE PERIOD OF JANUARY-APRIL 1983

(Million \$)							
Countries	No. of Firms	Foreign Capital Investment	Amount Financed From NGTA Scheme (\$)	Enlargement Investment	Breakdown for investments According Purpose		
					Complete New Inv. Projects	Cap. Increase in existing Ventures	Portfolio Investments
U.S.A.	3	0.81	0.00	0.00	0.13	0.68	0.00
West Germany	6	21.34	1.38	18.50	1.59	1.25	0.00
Belgium	1	0.12	0.00	0.00	0.00	0.12	0.00
Denmark	1	0.00	0.00	0.00	0.00	0.00	0.00
Finland	1	0.00	0.00	0.00	0.00	0.00	0.00
Holland	2	2.24	0.00	2.24	0.00	0.00	0.00
I.F.C.	1	0.07	0.00	0.07	0.00	0.00	0.00
United Kingdom	2	0.03	0.00	0.00	0.03	0.00	0.00
Switzerland	8	10.22	9.36	0.00	6.62	0.92	2.68
Italy	2	0.14	0.14	0.00	0.00	0.14	0.00
Canada	1	0.00	0.00	0.00	0.00	0.00	0.00
Karma	3	1.57	1.49	0.00	0.62	0.95	0.00
Yugoslavia	1	0.62	0.00	0.00	0.00	0.62	0.00
TOTAL	30	36.54	11.75	20.81	8.37	4.68	2.68

SECTORAL BREAKDOWN OF FOREIGN CAPITAL INVESTMENTS  
AUTHORISED UNDER LAW 6224 IN JANUARY-APRIL 1983

(Million \$)

	No. of Firms	Total Foreign Capital Mn. \$	(\$ m) Amount Financed From NGTA	Breakdown of investments According to Purpose			
				Enlargement Investment	Comp. New Inv. Pro.	Cap. increase in existing	Portfolio Invest.
<u>Manufacturing Ind.</u>							
Baked Clay and Cement Products	2	2.68	2.68	0.00	0.00	0.00	2.68
Textiles-Clothing	2	0.05	0.00	0.00	0.00	0.00	0.00
Iron-Steel Industry	1	0.07	0.00	0.07	0.00	0.00	0.00
Others	2	6.01	5.85	0.00	6.01	0.00	0.00
Food-Beverages	1	1.38	0.00	0.00	1.38	0.00	0.00
Electrical Machinery and Electro. Ind.	6	2.92	0.00	2.24	0.06	0.62	0.00
Chemicals	2	1.38	1.38	0.00	0.13	1.25	0.00
Motor Veh. & Allied Ind.	2	18.50	0.00	18.50	0.00	0.00	0.00
Machinery Man.	3	1.35	0.83	0.00	0.61	0.74	0.00
Motor Veh. Allied Ind.	1	0.14	0.14	0.00	0.00	0.14	0.00
Metal Goods	1	0.68	0.00	0.00	0.00	0.68	0.00
Rubber	2	0.95	0.87	0.00	0.00	0.95	0.00
Man. Ind. Total	25	36.11	11.75	20.81	8.24	4.38	
<u>Services</u>							
Tourism	3	0.33	0.00	0.00	0.03	0.30	0.00
Others	2	0.10	0.00	0.00	0.10	0.00	0.00
Services Total	5	0.43	0.00	0.00	0.13	0.30	0.00
Grand Total	30	36.54	11.75	20.81	8.37	4.68	2.68

## 6. BALANCE OF PAYMENTS

The foreign trade deficit amounted to \$ 608.2 million in the first two months of 1983, \$ 89 million more than in the same period of the previous year. Although the balance on the invisibles account was again a positive one - \$86.9 million as against \$184.5 million - it was not of course sufficient to swing the current account into credit. The reason for the lower return from invisibles was the failure of workers' remittances to show any improvement. The capital account yielded the very modest surplus of only \$ 14.7 million, compared to a positive balance of no less than \$366.7 mn in January/February 1982. The overall balance for the two months period was thus a deficit of \$ 39.3 million, as against a deficit of \$ 44 million in 1982.



### Gold and Foreign Exchange Reserves

Gold and foreign exchange reserves show a decrease during the first three months of 1983 in comparison with the end of 1982. Convertible Foreign Exchange which amounted to \$ 1,980 mn at the end of 1982, decreased to \$ 1,858 mn at the end of March. Observed decrease is mainly due to increased imports during the first quarter of 1983 as compared to the same period in 1982.

### GOLD AND FOREIGN EXCHANGE

(Million US \$)

	1982	1	9	8	3
		January	February	March	
Convertible Foreign Exchange	1.980	1.821	1.809	1.858	
Central Bank	1.187	1.100	1.007	1.045	
Gold	155	155	155	155	
Effective	56	38	34	26	
Foreign Exchange	976	907	818	864	
Deposit Banks	973	721	802	813	
Effective	79	69	69	73	
Foreign Exchange	714	652	733	740	

### Changes in the External Value of TL.

The daily exchange rate adjustments continued in 1982. The yearly devaluation rate against US \$ was 31.3% in 1981, 51.9% in 1982, 39.7% in 1983 and 11.8% between January and April 1983. The yearly devaluation rate against DM was 11.6% in 1981, 33.9% in 1982, 29.7% in 1983 and 8.2% between January and April 1983.

#### TL Depreciation Against \$

##### % Change

1980	January	70.0	
1981	January	91.9	31.3
1982	January	136.9	51.9
1983	January	191.2	39.7
1983	April	213.8	11.8 January-April 1983

#### TL Decreciation Against DM

##### % Change

1980	January	40.5	
1981	January	45.2	11.6
1982	January	60.5	33.9
1983	January	78.5	29.7
1983	April	84.9	8.2 January-April 1983

# CALENDAR OF MAIN ECONOMIC POLICY MEASURES

1982 / 1983

1982

January 5

The Income Tax, Corporation Tax and, Real Estate Tax Laws are amended.

- Income tax rates are lowered:

Income Brackets (TL.)	Old Tax Rates %	New Tax Rates 1982 %
Up to 1 million	40	39
Above 1 million		
2-3 million	45	44
3-5 million	50	49
5-10 million	60	59
10-15 million	70	69
15-25 million	75	74
Above 25 million	66	65

- The first TL 40.000 of rental income will be exempt from income tax (previously there was no exemption on rental income of it exceeded TL 120.000 per year).
- The first TL 100.000 of profits earned from sales of bonds and shares will be tax exempt (previously TL 50.000)
- The Corporation Tax rate is lowered from 50 percent to 40 percent for corporate incomes. Special exemptions granted to exporters of certain goods and services have been simplified: 20 percent of their receipts will be tax-exempt (previously it was 20 percent for the first year and varying rates for the following years). Corporation tax will be paid in three instalments (April, August, October) instead of two.



- Fiscal Balancing Tax is reduced from 3 to 2 percent for 1982 incomes, and to 1 percent for 1983 incomes. Corporations will not pay F.B.T. as from 1st January 1981.
- Real estate purchase tax and capital gains tax on real property are abolished and replaced by real estate duty. This tax will be paid both by buyer and seller at rate of 4 percent.
- Property tax rates are lowered from 6 to 3 percent for commercial buildings and from 4 to 2 percent for residential buildings.
- Building construction tax rates are also reduced and will be paid directly to the municipal authorities.

January 7

The 1982 import and export regimes are announced. Total planned imports of \$10 billion are composed of investment goods -\$2.3 billion, intermediate goods and raw materials-\$7.5 billion and consumer goods -\$0.2 billion.

Liberalised imports List 1 is further enlarged by the transfer of 40 items from List 2.

Advance import deposit rates remain at 20 percent (importers) and 10 percent (industrialists).

Imports of certain goods may be subject to a new levy to be determined by the government's Money and Credit Committee. Funds collected in this way are earmarked for the Price Support and Stabilization Fund.

The Export regime is further liberalised: the number of items requiring an export licence is reduced from 25 to two: tobacco and opium. The number of items subject to registration is reduced from 40 to 30. Exporters are allowed to hold in foreign exchange (for imports, travel, etc.) up to 5 percent of the value of their exports in 1981 and 1982 (subject to a ceiling of TL. 40.000).

January	20	<p>Central Bank rediscount rates are lowered.</p> <p>The levy which the commercial banks pay to the Interest Differential Rebate Fund at the Central Bank is reduced to 10 percent of the interest charged on credits.</p> <p>Banks are allowed to include Treasury bonds in their statutory reserves, up to 25 percent of such reserves.</p>
February	1	<p>Petroleum products prices are raised by an average of 5 percent.</p> <p>The Capital Market Law announced on July, 31 1981, takes full effect.</p> <p>The statutory reserve ratio for time deposits of 1 month is established at 30 percent.</p>
February	4	<p>Regulations concerning bond issues by the private sector are revised. Maximum maturity on short-term bonds is increased to four years (previously three), whilst minimum maturity on long-term bonds remains at five years. Interest rates-fixed or floating cannot be more than the maximum bank rate on six months' time deposits minus 5 percentage points.</p>
February	10	<p>The interest rates on bonds issued by the State Investment Bank is raised from 20 to 30 percent.</p>
February	17	<p>The support price for Aegean tobacco is increased by 33 percent to TL 240 per kilo.</p>
February	18	<p>A "Co-ordination Council for Tourism Affairs" is set up under the chairmanship of the Prime Minister.</p>
February	20	<p>Arrangements are made to roll-over \$110 million worth of Turkish debts to Japan for a period of 10 years.</p>

February	24	The government's Budget for the fiscal year 1982 (March-December) is approved; appropriations total TL 1,758 billion.
February	25	Civil servant's salaries are increased by 16 to 25 percent; in addition a "special compensation pay" system is introduced in order to enable the State to make certain specialists' remuneration more attractive.
March	8	<p>The 1982 Investment Programme, which regulates public sector projects according to the listed priorities, is published.</p> <p>Coal, paper and pig-iron prices are increased by 20, 13 and 25 percent, respectively.</p>
March	13	The limits on housing credits offered by the Real Estate and Credits Bank are increased.
March	16	The Tourism Promotion Law is ratified. Under the terms of the new law, a fund for touristic investments and for promotion work has been established. Qualified foreign personnel may be employed by touristic installations provided that their number does not exceed 10 percent of total staff. The Ministry of Tourism may increase this ratio to 20 percent in exceptional circumstances.
March	18	The Price Support and Stabilization Fund premiums applied to cotton exports are changed.
March	20	The Central Bank increases the rediscount rate for credits to exports from 27 percent to 31.5 percent.
March	21	Differential interest rebate rates are changed (effective 1st April).

March	21	<p>New rules concerning export pre-financing credits are introduced. The exchange rate guarantee is abolished and credits cannot be transferred from one exporter to another.</p> <p>The scope of the Price Support and Stabilization Fund is enlarged. The Fund was created in 1980 to provide subsidies to agriculture for export-oriented investments, as well as other sectors deemed appropriate by the Money and Credit Committee. Now, it has been authorised to extend interest free loans against profit-sharing certificates. This measure will mainly benefit the State Economic Enterprises.</p>
March	25	<p>Fertilizer prices are raised by from 1-19 percent.</p>
March	29	<p>Finished gold may be freely exported. Finished gold exporters are also allowed to import gold ingot up to an amount corresponding to 15 percent of their gold sales abroad.</p> <p>Foreign exchange regulations are relaxed. Travel abroad can now take place every two years instead of three, and the tourism allowance is increased from \$ 400 to \$ 500 Imports of processed gold are liberalised and precious stones may be imported for re-export.</p>
April	2	<p>Unguaranteed trade debts paid in Turkish Lira may now be used for the payment of all kinds of taxes and social security premiums.</p>
April	7	<p>Gold of less than 24 carats may now be traded without Ministry of Finance permission.</p>
April	11	<p>The Sumerbank increased prices of some of its products by 3-20 percent and reduced prices of certain other products by 36 percent.</p>

April	18	Sales taxes on cars and cotton yarn are reduced from 10 to 7 percent and from 12 to 5 percent, respectively.	
April	20	Cement prices are raised by an average of 17 percent.	
April	22	The export tax rebate scheme is revised. Additional benefits may be granted depending upon the volume of exports realised in a calendar year.	
		For exports:	Additional rebate:
		From \$2 mn to \$10 mn	6 percent
		From \$10 mn to \$ 30 mn	12 percent
		Over \$30 mn	10 percent of the whole amount
April	28	The support price for tea is increased by 34 percent to TL 55 per kilo.	
April	29	The differential interest rebate rate on long-term credits for export-oriented investments is reduced from 40 to 30 percent (see March 21).	
		The Central Bank increased re-discount rates. For manufacturers of investment goods for export, the rate is increased to 34 percent from 27.5 percent; and for credits from the Export Promotion Fund it rises to 23.75 percent from 15 percent.	
May	3	The support price for Marmara tobacco is increased by 54 percent to TL 292.	
May	12	Electricity prices are raised by 12 percent.	
May	21	The support price for soya beans is established at TL 52.	

June 1 The advance price for wheat is announced at TL 21 per kilo, 12 percent higher than last year. Only 25 percent of the total value of the grain purchased will be paid at the time of purchase; the remaining amount will be payable during the following six months.

New support prices are announced; for barley TL 15.5 for Aegean type cotton TL 78; for Cukurova type cotton TL 75.

June 2 New reserve ratios are announced by the Central Bank. The rate for sight deposits remains at 35 percent. For time deposits the rate varies from 30 to 40 percent, depending on the annual compound interest rate on deposits. The purpose is to persuade banks to follow a unified interest rate, preferably not higher than the present maximum rate of six months' deposits at 50 percent, for which the legal reserve ratio is 30 percent. If the interest rate increases the ratio follows as shown below:

For compound annual interest rate of:	Legal reserve ratio:
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Up to 56.25 percent	30 percent
56.25 - 61.25 percent	32 percent
61.25 - 66.25 percent	35 percent
Over 66.25 percent	40 percent

June 3 The names of the banks authorized to maintain a foreign currency position are announced by the Ministry of Finance. The amount of foreign currency which authorized banks may hold is raised.

June 5 Price Support and Stability Fund premiums applied to wheat and flour exports are changed.

A 2 percent levy on imports is introduced for the benefit on the Price Support and Stabilization Fund; the proceeds may be used by the Central Bank to help commercial banks with liquidity problems resultant from the "broker crisis" (see below).

June	20	Petroleum product prices are raised by 7 percent.
June	23	A "Co-ordinating Board" to centralise discussion of issues relating to Turkish workers abroad is set up.
June	24	Money brokers are obliged to obtain new licences from the Capital Market Board- previously from the Ministry of Finance- within the context of the new Capital Market Law coming into force on 1st July 1982.
June	29	Amendments to the Fiscal Procedures Law are announced. Procedures concerning tax courts bookkeeping requirements by small tradesmen and value assessment of real estate for tax purposes are simplified.
July	7	In the wake of the collapse of "Banker Kastelli", the largest moneybroker in Turkey, measures with regard to brokers who are unable to meet payments due are announced. Certificates of deposit marketed by brokers shall be renewed by the banks originally issuing them. The maturity of the new certificates will be twice the remaining maturity at time of renewal. Net interest payments are fixed at 2.1 percent per month. Holders of certificates who do not wish to exchange them will receive 28 percent annual interest and payment of principal at the end of original maturity. For bonds, annual interest has been fixed at 28 percent for the next two years (2.1 percent monthly), 30 percent in 1984, 32 percent in 1985 and 34 percent in 1986; they will be redeemable at their original date of maturity.
July	15	26 more commodities are made eligible for a 5 percent export tax rebate.
July	21	A new decree with regard to bonds sold by money brokers who are unable to meet their payment obligations is published.

August	2	Prices of products of Eregli Iron and Steel Factories are raised by 8-12%.
August	5	<p>By a new decree, the Ministry of Finance is empowered to regulate the legal status and financial structure of the capital market. (This authority, which had originally been invested in the Ministry of Finance was transferred to the Capital Market Board at the beginning of 1982).</p> <p>The Ministry of Finance will determine:</p> <ul style="list-style-type: none"><li>- Interest rates on all kinds of securities, as well as the volume of securities marketed by brokers. (Brokers cannot promise depositors any additional income other than the fixed interest earnings)</li><li>- Guidelines for bank mergers, or banks' participation in broking houses, or transfers of broking houses to banks. (This kind of transaction will be exempt from taxes, duties and fees).</li><li>- Responsibilities of companies whose securities are distributed through banks or brokers.</li></ul>
August	11	Turkey's trade with USSR is to be based on free exchange payments as from 1983.
August	12	Re-discount rate applied to the credits extended by DESIYAB for completion of unfinished investments is established at 17.75 percent.
August	14	Reduction of Custom Duty rates on imports from the EEC countries by 10 percent is postponed.
August	20	<p>Turkish Airlines is permitted to issue bonds.</p> <p>Retail price of triple Super Phosphate is reduced from TL/KG 200 to TL/KG 165.</p>



August	21	Money and Credit Committees decision regarding application of a 15 percent levy on iron-steel imports from EEC is cancelled.
August	24	The private sector is allowed to export wheat.
September	11	The private sector is permitted to produce electrical energy.
September	18	A Capital Market Stabilization Fund is established at the Central Bank. The Fund's resources will be made up by contributions by the commercial banks (0.5 percent of their credits outstanding on 30th June 1982) and brokers (0.3 percent of their monthly sales). In case the sum collected by the Fund is considered insufficient the Central Bank is authorised to extend advances against bonds marketed by brokers.
October	5	Regulations concerning private sector bonds are revised again (see February). Interest rates can be fixed freely providing that the minimum rate is not lower than 45 percent. Interest can be paid at 3, 6 or 12 month intervals.
October	14	<p>Principles of the bond issues of companies are determined. For all kinds of bond issues, a Capital Market Committee permit is necessary. Maturity dates will be a minimum of 2 and a maximum of 7 years.</p> <p>Scope of Decree No.35 concerning money brokers is enlarged.</p>
October	31	Support prices for groundnuts is announced at TL 85 per kilo.
November	2	The Agricultural Bank obtained \$200 million worth of credits from the international money market.

November	4	The Ministry of Industry and Technology announces principles to the use of the Improvement of Small Industries Fund.
November	14	Under a new decree, the Central Bank is authorised to determine the value of gold on a daily basis.
November	22	Petroleum product prices are increased by from 15 to 20 percent.
November	25	Turkish Electricity Authority increased electricity price by Krs.80-100 per unit.
December	9	The Budget for Fiscal 1983 (January - December) is approved. Appropriations total TL 2,505 billion.
December	13	Decrees with regard to the encouragement and orientation of investments are published. An Investment Financing Fund and a Competence Certificate for Manufacturer of investment goods are added to the present investment incentives.
December	14	New interest rates for bank deposits are announced. They are lowered from 45 to 40 percent for time deposits of 6 to 12 months and from 50 to 45 percent for time deposits of 12 months and more; interest on sight savings deposits is raised from 5 to 20 percent.
December	15	The minimum daily wage is increased by 62 percent to TL 544 for the non-agricultural sector workers and by 53 percent to TL 440 for farm workers; rates effective from January 1, 1983.
December	30	The Central Bank announces a decree with regard to interest rates on bonds issued by corporations. These rates may be up to 20% higher than the rate applied to bank saving deposits. Corporations may issue bonds with a floating interest rate.

December 31

The law amending the Income Tax Law and abolishing Fiscal Balance Tax is published.

Regulations concerning liquidity ratios and reserves of commercial banks at the Central Bank are modified with effect from January 1, 1983; the liquidity ratio is set at 10 percent for all banks, regardless of the total amount of deposits held (previously, it was 15 percent for deposits of more than TL 5 billion, 12.5 percent for deposits between TL 2 to 5 billion and 10 percent for deposits below TL 2 billion). In addition to cash in vault and government bonds, banks are now allowed to include in their liquidity, foreign currency, travellers' cheques and the unused portion of re-discounts with the Central Bank. The ratio of government bonds is also increased, from 25 to 50 percent of liquidity.

Reserve ratios at the Central Bank (which were 30 and 35 percent for time and sight deposits, respectively) as well as several preferential rates, are unified at 25 percent. The rate of interest paid on these reserves by the Central Bank is also unified, at 1.5 percent monthly.

The Income Tax Law is changed, effective from January 1983:

- Tax rates are lowered by 3 percentage points (see January, 1982)
- 2 percent Fiscal Balancing tax is abolished;
- Withholding tax on interest earnings is reduced to 20 percent (to 30 percent on interest on bearer certificates of deposit).
- For the purpose of assessing minimum Income Tax liability, the taxpayer's standard of living is to be taken into consideration: for each private car TL 60,000, TL 90,000 or TL 180,000 (according to engine capacity); for a second residence, half the estimated annual rent; for a small motor boat TL 120,000; for a private plane or yacht TL 600,000; for each servant or chauffeur TL 60,000; for a yacht skipper or pilot TL 60,000; for a racehorse TL 120,000; for each pleasure journey abroad TL 180,000 will be added to the recognised standard basic income of TL 120,000

- TL 120,000 of income from rents is exempted from tax (previously TL 40,000).
- The first TL 300,000 of earnings from sales of books, plays, films and the like is now tax exempt (previously TL 200,000)

### 1 9 8 3

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| January | 3  | Prices of most Turkish Monopoly products are raised by 30 percent.  |
| January | 5  | Highlights of the 1983 import regime are: <ul style="list-style-type: none"><li>- Liberalised List I is enlarged further by transferring 13 more items from Liberalised List II.</li><li>- Guarantee deposit rates are lowered from 10 to 7.5 percent for industrialists and from 20 to 15 percent for trade importers.</li></ul> |
| January | 12 | Exporters, contractors and others earning foreign currency are allowed to open foreign currency accounts with authorised Turkish banks with up to 5 percent of their export earnings.   |
| January | 14 | Sugar prices are increased by from 12 to 20 percent.  |
| January | 24 | The reforms concerning revaluation of company assets are promulgated. The value of fixed assets acquired prior to 1972 may be increased 11 fold times, those acquired after this date by up to 10 fold depending upon year of acquisition.  |

The re-valuation differential will be added to nominal capital, but cannot be distributed as a dividend. Corporations and banks are authorised to issue bonds against the revaluation differential.

January	25	Regulations concerning import payments are revised and the system applied prior to November 1978 is re-established for certain categories of imports. Payments for imports of investment goods for public and private sector projects with investment certificates and military goods to be made at the exchange rate valid at the time of foreign currency transfers. All other imports continue to be paid at the exchange rate of the day of customs clearance.
February	3	Ministry of Finance announced the conditions for using credits extended by international organizations to the public and private sectors.
February	4	Ministry of Finance announced a decree with regard to book keeping principles under the Fiscal Procedures Law. Ministry of Finance announced a General Decree Related to the Corporation Tax Law.
February	15	The practice of the Central Bank's announcing a daily gold price, introduced in November 1982, is abandoned. For the year 1983, the official gold prices is fixed at \$ 11.23 for one gram of 24 carat gold.
February	23	Changes are made in the Customs regulations.
February	24	Export tax rebate for Iron-Steel products is raised to 20%.  A supreme Board on Overseas Contracting Services is formed. The Board is to be chaired by the Ministry of Public Works and composed of representatives of several

ministries. The Board sets minimum technical standards and rules on issuing letters of guarantee and the granting of subsidies to contractors.

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| March | 3  | A decree re-established the interest rate applied to the Central Bank's advances against bonds and gold.  |
| March | 10 | A General Circular regarding the export of raw cotton and T-shirt to the EEC is published.  |
| March | 12 | Interest rates on bonds sold to SEE's by the State Investment Bank will be 30 percent for 1983.   |
| March | 24 | The support price for Black Sea tobacco is established at TL 400 per kg.  |
| March | 30 | The Petroleum Law as amended. Foreign companies and foreign capital companies are permitted to explore for petroleum.   |
| April | 6  | Ministry of Public Works announces a decree regarding the co-ordination and supervision of Overseas Contractors' Services.  |
| April | 7  | An authorization Law related to the restructuring of the money and capital markets is published.  |
| April | 8  | Ministry of Finance announced the decree regarding undeclared foreign exchange holdings. Undeclared foreign exchange (hold locally or abroad) may be deposited at the Agricultural Bank as foreign exchange deposits. |

April	16	A new decree related to Protection of the Value of the Turkish Lira is published. According to this foreign capital companies will be able to use their blocked funds as the share of a foreign partner.
April	20	Certain articles of the Custon Duty Law is amended.
April	21	New measures are taken to accelerate investments. The Price Support and Stability premium of 2 percent will not be applied to investment-oriented imports.
April	25	Support price for tea is established at TL 72.5.  According to a Ministry of Public Works' decree, those who do not have contracts abroad and no overseas Contractors' certificate will not be permitted to be issued with a letter of quarantine on the basis of foreign exchange.

## STATISTICAL ANNEX





NATIONAL PRODUCT

(TL. billions)

	C u r r e n t P r i c e s									
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Agriculture, forestry, fishing	73.2	105.5	136.1	177.3	219.8	301.3	465.8	925.4	1,328.2	1,669.1
Industry	53.4	76.7	93.5	115.0	158.0	273.4	479.9	1,026.7	1,581.1	2,173.6
Construction	14.8	18.8	24.6	31.0	42.1	64.0	103.9	213.0	285.2	357.0
Wholesale and retail trade	35.1	52.3	64.8	81.6	107.0	165.9	301.8	642.7	1,010.7	1,352.6
Transport and communications	25.3	35.5	43.3	54.8	72.2	110.1	199.6	409.2	623.3	808.5
Financial institutions	6.6	10.1	12.6	16.8	20.2	25.9	36.4	71.9	132.5	181.0
Ownership of dwellings	10.9	13.3	17.9	24.6	34.1	53.7	86.0	191.9	263.6	352.7
Private professions and services	14.1	19.3	25.0	31.9	41.2	62.6	106.8	222.4	331.3	443.5
Government, health, education	32.3	38.2	50.5	66.5	101.5	133.1	235.2	377.7	481.2	686.6
Gross domestic product at factor cost	265.7	369.8	468.4	599.6	796.1	1,190.1	2,015.3	4,080.5	6,037.1	8,024.6
Net income from abroad	14.3	17.4	16.6	11.0	9.9	15.9	43.6	107.2	140.0	138.3
Indirect taxes	31.8	42.1	53.3	69.3	79.5	102.2	165.3	279.6	453.5	565.3
Subsidies	- 1.9	- 2.2	- 2.5	- 5.0	- 12.6	- 17.5	- 24.7	- 32.1	- 75.1	- 71.2
Gross national product at market prices	309.8	427.1	535.8	675.0	872.9	1,290.7	2,199.5	4,435.2	6,555.5	8,656.9
	1 9 6 8 P r i c e s									
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Agriculture, forestry, fishing	32.4	35.8	39.7	42.7	42.2	43.3	44.5	45.3	45.4	48.5
Industry	30.2	32.7	35.6	39.2	43.1	46.0	43.4	40.9	43.8	45.2
Construction	9.0	9.5	10.3	11.2	11.8	12.3	12.8	12.9	12.9	13.0
Wholesale and retail trade	18.9	21.0	23.0	25.2	26.4	27.4	26.8	25.7	28.2	29.9
Transport and communications	13.9	15.1	16.3	17.8	19.0	19.5	18.6	18.0	18.7	18.9
Financial institutions	3.3	3.6	3.9	4.2	4.6	4.8	4.9	5.0	5.1	5.3
Ownership of dwellings	6.6	7.0	7.5	8.5	8.8	9.2	9.5	9.9	10.2	10.4
Private professions and services	7.0	7.6	8.3	8.9	9.2	9.5	9.4	9.3	9.8	10.2
Government, health, education	13.7	14.6	15.5	16.6	17.5	18.6	19.4	20.5	21.4	22.5
Gross domestic product at factor cost	135.0	146.9	159.9	174.1	182.7	190.6	189.5	187.6	195.5	203.9
Net income from abroad	6.0	4.8	3.6	2.5	1.8	1.9	2.8	2.1	1.8	1.3
Indirect taxes	16.4	17.5	19.0	20.8	21.8	21.4	19.5	18.9	19.9	20.9
Subsidies	- 1.0	- 1.1	- 1.1	- 1.6	- 2.9	- 4.7	- 3.5	- 2.4	- 2.5	- 1.9
Gross national product at market prices	156.5	168.0	181.4	195.8	203.4	209.2	208.3	206.1	214.7	224.2

Sources: State Institute of Statistics

SUPPLY AND USE OF RESOURCES  
(PERCENTAGE VOLUME CHANGE OVER PREVIOUS YEAR)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Gross value added:										
Agriculture, forestry and fishing	-10.1	10.3	10.9	7.7	-1.3	0.7	2.8	1.7	0.3	6.7
Industry	13.3	9.9	9.0	10.0	10.2	6.6	-5.6	-5.9	7.2	3.2
Mining	4.8	21.4	11.8	5.0	38.2	26.7	-16.3	-11.1	2.4	-17.3
Manufacturing	12.1	6.9	8.1	9.8	7.3	3.6	-5.3	-5.4	8.1	4.8
Energy	9.1	11.8	17.1	18.4	10.6	12.4	8.0	-4.5	4.7	10.3
Construction	7.3	6.1	15.1	8.3	5.5	4.1	4.2	0.8	0.4	0.5
Wholesale and retail trade	11.5	10.9	9.5	9.6	4.9	3.9	-2.3	-4.1	9.8	5.8
Transport and communications	12.2	8.3	8.1	9.6	6.7	2.5	-4.4	-3.6	3.9	1.3
Financial institutions	9.1	9.1	6.6	7.9	9.8	4.8	3.0	1.8	1.9	2.9
Ownership of dwellings	6.9	6.5	6.2	13.5	3.8	4.0	3.9	4.1	2.7	2.6
Private professions and services	4.5	8.5	9.0	6.9	4.4	3.2	-0.9	-1.0	4.5	4.6
Government, health, education	6.7	6.5	5.8	7.0	6.0	6.2	4.2	-4.8	4.0	5.4
Gross domestic product at factor cost	4.1	8.5	8.9	8.9	4.9	4.3	-0.6	-1.0	4.2	4.3
Net factor income from abroad	36.6	-20.8	-24.1	-28.8	-30.0	4.9	52.8	-24.2	-15.4	-31.6
Indirect taxes	7.2	6.8	8.4	9.4	5.3	-2.2	-8.8	-3.1	5.6	5.0
Subsidies(-)	11.5	11.9	0.9	45.8	79.2	57.5	-25.4	-29.7	2.7	-26.6
Gross national product at market prices	5.4	7.4	8.0	7.9	3.9	2.9	-0.4	-1.1	4.2	4.4
Foreign balance <sup>1</sup>	(3.0)	(-5.2)	(-4.5)	(-5.3)	(-1.4)	(9.2)	(2.0)	(0.2)	(2.5)	(1.7)
Total domestic demand	2.2	11.9	11.4	11.6	4.5	-5.4	-2.2	-1.3	1.6	2.6
Fixed capital investment	13.2	10.7	24.9	17.7	3.9	-10.0	-3.6	-10.0	1.7	2.6
Public	13.1	17.0	33.6	18.3	11.0	-13.7	4.6	-3.7	9.4	0.8
Private	13.2	6.0	17.5	17.2	-2.7	-6.0	-11.6	-17.3	-8.8	5.4
Stock changes <sup>1</sup>	(-1.0)	(2.8)	(0.4)	(0.3)	(-0.1)	(-1.7)	(0.6)	(3.6)	(-1.1)	(-1.1)
Consumption	1.2	9.1	8.3	10.2	5.0	-2.4	-2.5	-3.4	3.0	4.2
Public	10.3	9.9	13.5	10.8	3.2	9.9	1.7	8.8	0.8	3.2
Private	0.2	9.0	7.7	10.1	5.2	-3.9	-3.1	-5.2	3.4	4.3

<sup>1</sup>Contribution to GNP growth.

Source: State Institute of Statistics

# STATE ECONOMIC ENTERPRISES

Own resources available for meeting investment expenditures<sup>1</sup>

(TL. millions)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Sumerbank	-	32	46	6	12	599	-2,544	-4,404	-265	+2,483
Eti Bank	+304	-256	-1,567	-1,418	-1,652	-375	-8,368	-1,929	-4,243	+4,860
Coal mines	-657	-1,137	-2,074	-3,442	-8,077	-7,489	-13,476	-11,747	-18,638	-20,697
Iron and steel	-142	-1,143	-309	-884	+403	-4,620	-2,995	-4,729	-7,521	-618
Cement	-75	-65	-17	-178	+321	-472	-1,071	-857	+5,530	5,457
Nitrogen Company	-113	-240	+59	+212	-167	-1,179	-1,110	-2,161	+988	-204
Chemicals	+50	-117	-	+6	11	67	-2,514	-5,190	-3,998	+1,714
Paper	-17	-173	+83	-772	-946	+629	-1,649	-7,948	-508	-3,408
Petroleum	+31	+614	+1,698	+1,876	+3,355	+666	+766	+10,207	+30,118	+24,291
Sugar	+114	-986	+205	+479	-1,547	-1,537	-5,644	+2,983	-822	-6,879
Turkish Airlines	+148	-188	+31	-275	-258	-21	-267	-2,138	-3,670	+24,406
Maritime Bank	-192	-15	-490	+1,061	-1,699	-1,081	-4,874	-4,286	-7,985	+166
Sea transport	-66	-48	+54	-363	-12	-518	-2,138	+34	+513	-698
Railways	-623	-1,241	-1,344	-1,895	-1,410	-3,212	-7,861	-18,705	-34,736	-33,589
P.T.T.	+292	+260	-527	-761	-1,139	+1,191	-2,620	+2,574	+11,089	+13,541
Soil Products Of.	-14	+21	+37	+106	+659	+805	-4,382	+1,575	+2,612	+2,360
Meat and fish	-168	-72	-88	-614	-268	-254	+275	+125	+1,142	+312
Petrol Office	-151	-251	-113	-352	-852	-84	-1,349	+877	+1,046	+163
Agricultural	-23	-992	+97	-3,890	-1,526	-2,082	-7,788	-6,486	-77,624	-53,082
Equipment	-46	+5	-16	+45	+215	-146	-159	-242	-366	+376
Milk industry	-88	+10	-40	+166	-254	-156	-734	-532	-	-
Tourism Bank	+27	-178	+313	+283	+30	+489	-5	-96	+369	+1,102
Radio-television	+79	+136	+120	-352	+246	+1,417	+3,272	+8,969	+6,100	+7,057
Petro-chemicals	-241	+173	-550	-921	-1,793	+2,596	+8,421	+50,190	+58,035	+56,745
Others	-	-	-	-	-	-	-	-	-	-
Total of productive SEEs	-1,605	-5,851	-4,484	-11,877	-16,384	-15,301	-58,814	+6,084	-43,194	+25,858
Provincial Bank	+106	+516	-	-	-	-	-	-	-	-
Agricultural Bank	+86	+34	+60	+53	+109	+87	-1,665	+142	-	-
Real Estate Bank	-13	+10	+4	-176	-38	-49	-150	+256	-	-
Religious Foundations	-29	-	-	-	-	-	-	-	-	-
Bank	-	-	-	-	-	-	-	-	-	-
Social Security	+85	+59	+126	+77	+57	+113	+239	+696	-	-
Fund	+46	+22	+54	+72	+139	+131	+123	+256	-	-
Pension Fund	-	-	-	-	-	-	-1,148	-417	-	-
State Inv. Bank	+6	-2	-69	-270	-134	-71	-520	-2,612	-	-
Others	-	-	-	-	-	-	-	-	-	-
Total of financial SEEs	+287	+639	+175	-244	+133	+211	-3,121	-1,679	-	-
Overall total	-1,318	-5,212	-4,309	-12,121	-16,251	-15,090	-61,935	+4,405	-43,194	+25,858

<sup>1</sup>Net result of financial transactions by individual SEEs, including short and medium-term borrowing and debt repayments, but excluding transfers from the public budget, loans by the State Investment Bank and Foreign Project Credits.

Source: Ministry of Finance

FINANCING OF THE OPERATIONAL SEES  
TL millions at current prices

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
I. Current gross profit before tax	361	838	-2,250	-6,703	-8,862	-13,233	3,130	52,043	118,357	139,806
II. Other financial resources	18,919	34,569	41,366	50,056	80,998	164,548	195,243	694,845	873,071	758,373
Depreciation	4,743	4,240	4,592	6,224	12,007	20,139	16,271	23,177	28,154	46,299
Accounts receivable	747	656	3,965	772	8,534	8,685	5,682	65,208	120,921	153,644
Decrease in Stocks	1,166	142	1,109	-	189	3,540	-	3	2,538	29,331
Short-term borrowing	5,770	14,039	21,275	24,103	31,388	97,516	100,431	363,804	464,862	288,360
Decrease in cash	659	398	419	157	1,690	1,500	13	480	4,294	22,280
Other resources (I+II)	5,834	14,994	10,006	18,800	27,190	33,168	72,846	242,173	252,302	218,531
III. Total resources (I+II)	19,280	35,407	39,116	43,353	72,136	151,315	198,373	746,888	991,428	898,179
IV. Payments	20,885	40,531	43,760	55,801	84,700	177,602	256,453	740,272	960,809	796,972
Direct taxes	684	618	1,649	1,901	2,330	1,847	3,611	14,649	41,463	79,379
Payments to State Investment Bank	1,464	1,800	1,753	1,933	7,213	34,469	7,756	14,149	10,055	7,124
External debts	769	1,200	-	-	-	4,657	3,046	19,025	36,809	89,057
Consolidated debts	-	-	8,147	4,620	8,874	-	-	-	-	-
Increase in cash	627	802	1,589	2,026	2,830	2,632	10,340	22,711	26,924	1,075
Increase in stocks	2,879	10,231	13,143	15,072	16,984	23,672	43,721	178,087	212,435	122,988
Other payments	10,920	20,169	17,479	30,249	46,469	110,325	187,979	491,651	633,144	497,349
Short-term debt payments	3,542	5,711	-	-	-	-	-	-	-	-
V. Net resources available (III-IV)	-1,605	-5,214	-4,644	-12,448	-12,564	-26,287	-58,080	-6,616	30,598	101,207
VI. Fixed capital investment	12,569	17,112	25,909	35,238	45,750	59,972	128,002	281,138	405,788	496,268
VII. Overall financial requirements (V+VI)	14,174	22,326	30,553	47,786	58,314	86,259	186,082	274,522	375,190	395,061
financed by:										
Credits from State Investment Bank	4,574	5,670	6,968	11,741	10,278	9,139	14,385	16,199	15,854	33,971
Contribution from general budget	6,059	7,176	10,346	16,226	27,828	39,535	83,443	149,444	240,731	242,325
Central Bank loans	-	6,073	6,255	9,421	9,240	6,991	33,885	10,000	-	-
Direct project financing from abroad	3,541	2,088	1,430	3,811	5,732	14,139	42,876	82,723	93,759	100,386
Other borrowing	-	1,319	5,554	6,587	5,236	16,455	11,493	16,156	24,846	18,379

Source: Ministry of Finance

AGRICULTURAL PRODUCTION

Unit	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
1.000 tons										
Cereals:										
Wheat	10,000	11,000	14,750	16,500	16,650	16,700	17,550	16,500	17,000	17,500
Barley	2,900	3,330	4,500	4,900	4,750	4,750	5,240	5,300	5,900	6,300
Maize	1,100	1,200	1,200	1,310	1,265	1,300	1,350	1,240	1,200	1,360
Rye	690	560	750	740	690	620	620	525	530	420
Other	913	877	911	905	857	867	817	849	780	841
Pulses	589	665	675	752	813	729	762	810	868	1,206
Potatoes	2,200	2,275	2,490	2,850	2,800	2,750	2,870	3,000	2,988	3,000
Sugar beet	5,095	5,707	6,949	9,406	8,995	8,837	8,760	6,766	11,165	11,500
Tobacco	149	203	200	324	248	297	217	234	177	206
Cotton	513	598	480	470	575	475	476	500	458	481
Oilseeds	1,469	1,472	1,355	1,430	1,517	1,374	1,511	1,653	1,507	1,381
Wool	61	76	78	54	55	57	59	62	64	62
Fruit and nuts:										
Grapes	3,344	3,347	3,247	3,080	3,180	3,496	3,500	3,600	3,700	3,500
Figs	190	156	175	188	175	185	200	205	250	250
Hazelnuts	251	244	317	245	290	310	300	250	350	218
Citrus Fruits	691	900	958	975	1,147	1,081	1,147	1,182	1,225	1,201
Thousands										
Livestock										
Cattle goats	14,259	14,410	14,802	15,158	15,552	15,964	16,580	17,017	16,983	
Sheep & Goats	58,793	59,285	60,129	60,012	60,984	62,389	64,801	64,222	68,524	
Poultry	40,677	41,006	41,736	48,203	50,964	54,711	58,941	60,240	58,834	

Source: State Institute of Statistics and State Planning Organisation.

# INDUSTRIAL PRODUCTION

Unit	1973	1974	1975	1976	1977	1978	1979	1980	1981 <sup>P</sup>
Mining, fuel, energy: selected products									
1.000 tons									
Coals	7,848	8,546	8,360	8,068	7,672	7,740	7,020	6,598	7,223
Lignite (ungraded product)	10,670	11,160	11,850	13,720	14,870	18,030	15,170	15,700	17,400
Chrome ore	574	734	947	949	949	670	540	447	507
Iron ore	2,570	2,284	2,347	3,629	3,469	4,200	2,920	2,716	2,856
Copper	26	29	27	28	31	32	33	32	45
Crude petroleum	3,511	3,309	3,095	2,595	2,713	2,736	2,831	2,330	2,100
Petroleum products	12,532	12,715	12,784	13,115	14,414	12,815	10,818	12,475	12,606
Electric power	12	14	16	18	21	22	23	23	25
billion kWh									
Manufacturing: selected products									
1.000 tons									
Pig iron	896	1,200	1,197	1,518	1,396	1,569	1,966	1,876	1,830
Steel ingots	1,163	1,458	1,458	1,457	1,397	1,628	1,892	1,845	1,830
Sheets and pipes	311	401	259	287	377	360	290	270	219
Cement	8,946	8,939	10,855	12,342	13,833	15,344	13,812	12,875	15,008
Coke	1,432	1,396	1,401	1,821	1,751	1,865	2,044	1,937	2,019
Superphosphate	479	586	962	854	916	820	952	..	..
Glass	101	108	115	131	156	154	168	106	208
Paper and cardboard	304	321	328	373	363	304	301	301	368
Sugar	677	767	907	1,182	995	1,009	983	1,042	1,270
Olive Oil	53	130	90	150	60	142	40	70	165
Woolen and cotton yarns (million metres)	55	53	47	50	42	42	48	45	46
Woolen and cotton fabrics	223	216	220	212	185	210	196	182	228

Source: State Institute of Statistics

MONEY AND BANKING  
End of Period

(TL. Million)

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Money supply:										
M1	52.9	69.8	88.7	117.6	150.4	209.1	283.6	444.5	704.0	972.0
Notes and coins	16.0	20.7	26.1	32.9	42.5	63.0	93.8	143.7	217.5	280.6
Sight deposits	36.7	48.9	62.3	84.3	107.6	145.3	189.3	298.2	483.5	686.9
Deposits with Central Bank	0.2	0.2	0.3	0.4	0.3	0.8	0.5	2.6	3.1	4.5
M2	70.9	90.3	113.3	146.6	181.2	243.5	328.0	527.8	881.9	1637.2
Time deposits	18.0	20.5	24.6	29.0	30.8	34.4	44.4	83.3	155.7	514.6
Certificates of deposit	-	-	-	-	-	-	-	-	22.2	150.5
M3	80.6	103.1	127.6	166.1	206.6	275.4	383.4	609.4	1071.9	2140.2
Other quasi money	9.7	12.8	14.3	19.5	25.4	31.9	55.4	81.6	190.0	503.0
Central bank										
Deposits, total	16.7	21.0	26.1	36.9	44.7	62.9	99.5	144.1	266.9	673.0
Public sector	1.3	1.4	1.2	1.8	2.3	3.3	2.7	7.6	51.7	272.5
Banks	14.7	18.5	23.2	34.2	39.2	56.4	79.7	110.9	158.1	323.7
IMF and counterpart of aid	0.3	0.1	0.3	0.2	2.7	2.4	13.1	13.6	40.1	74.3
Other	0.4	0.7	1.4	0.7	0.5	0.8	4.0	12.0	17.0	2.5
Credits, total	20.5	28.8	52.6	66.2	110.6	189.7	241.9	382.1	655.2	925.5
Treasury and Monopoly Administration										
SEEs	9.2	10.1	14.8	18.9	28.7	60.3	78.0	119.8	224.4	320.7
State Investment Bank	4.1	3.4	7.8	7.4	18.4	31.3	46.3	94.7	142.5	174.5
Other private credits	-	-	-	6.1	14.6	27.9	32.3	37.9	38.5	38.5
Deposit banks	0.4	0.7	7.0	7.1	8.0	7.8	7.2	7.4	9.0	14.5
Other private credits	3.5	8.3	9.1	14.0	25.2	37.7	54.7	75.6	148.0	257.3
Other private credits	3.3	6.3	13.9	12.7	15.7	24.7	23.4	46.7	92.8	120.0
Deposit money banks										
Deposits, total	62.6	80.0	98.4	130.4	158.4	205.8	269.1	432.4	745.5	1509.5
Public	6.7	8.3	9.0	11.1	13.9	18.1	25.1	40.4	80.7	161.9
Private	55.9	71.7	89.4	119.3	144.5	187.7	244.0	392.0	664.8	1347.6
Lending, total	57.8	77.3	100.5	144.1	191.2	238.3	296.3	446.2	789.5	1318.7
Public	9.8	14.0	18.5	25.8	33.5	37.6	43.4	76.1	148.7	160.2
Private	48.0	63.3	82.0	118.3	157.7	200.7	252.9	370.1	640.8	1158.5
Investment and development Banks										
Lending, total	12.9	16.1	26.1	38.0	60.6	84.3	105.4	135.4	169.8	245.2
Public	10.0	12.2	21.6	32.5	53.9	75.2	90.8	109.3	121.4	172.5
Private	2.8	3.9	4.5	5.5	6.7	9.1	14.6	26.1	48.4	72.7
Total bank lending										
(net of Central Bank Advances to the banks)	84.0	106.9	149.0	208.4	299.0	526.0	414.2	796.1	1326.3	2059.1
Public	33.1	39.8	62.5	84.6	134.6	258.5	204.4	399.9	637.1	827.9
Private sector	50.8	67.1	86.5	123.8	164.4	267.6	209.8	396.2	689.2	1231.2

Source: Central Bank of Turkey.



PRICES  
Indices 1963=100 (Annual averages)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Wholesale prices:										
Total	240	312	343	397	492	751	1,231	2,551	3,488	4,369
Food and feeding stuffs	225	305	358	412	506	734	1,093	2,190	3,101	3,759
Cereals	201	318	337	365	430	545	774	1,638	2,819	3,373
Livestock	349	371	444	621	891	1,323	1,959	3,806	4,437	5,673
Livestock products	226	297	432	453	577	981	1,473	2,625	3,245	4,205
Raw materials and semi-finished products	265	323	319	372	470	779	1,461	3,152	4,135	5,387
Fuel	327	356	378	393	457	960	1,717	4,630	6,142	7,911
Minerals	201	301	305	319	386	645	1,353	2,735	3,302	4,585
Building materials	208	253	275	383	642	963	1,676	3,157	3,700	4,802
Textiles	276	341	300	398	490	681	1,190	2,135	2,613	3,464
The Cost of Living: :										
Ankara, total	241	278	331	386	473	725	1,174	2,365	3,168	4,067
Istanbul, total	244	302	366	430	541	876	1,433	2,784	3,831	5,083
Food	243	297	378	459	565	864	1,333	2,554	3,503	4,702
Heating and lighting	268	339	374	461	611	1,096	2,122	4,404	5,302	6,454
Clothing	239	309	323	341	453	775	1,515	2,814	4,052	5,504
Other	245	308	352	371	495	958	1,616	3,386	4,802	6,113

Source: Ministry of Commerce

## EXPORTS BY COMMODITIES

(US \$ millions)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
I. Agricultural products	832	852	793	1,254	1,041	1,542	1,344	1,672	2,219	2,141
Cereals	64	27	28	70	120	262	167	181	326	337
Fruit and vegetables	259	294	276	375	440	561	647	754	795	649
Hazelnuts	122	173	154	203	251	331	353	395	302	241
Dried fruit	83	68	76	68	100	145	166	212	208	168
Citrus fruit	25	26	29	87	77	44	53	87	125	77
Others	29	27	17	17	12	41	75	60	160	163
Industrial crops and forestry products	457	460	434	734	432	617	446	606	813	741
Cotton	306	244	230	438	210	348	227	323	348	297
Tobacco	133	205	183	251	176	225	176	234	395	348
Others	18	11	21	45	46	44	43	49	70	96
Live animals and Sea Pro.	52	71	55	75	49	102	84	131	285	414
II. Mining and quarrying pro.	42	80	105	110	126	124	132	191	194	175
III. Processed and manufactured products	443	600	503	596	586	622	785	1,047	2,290	3,430
Processed agricultural p.	149	130	128	98	137	110	151	209	412	569
Manufactured products	294	470	375	498	449	512	634	838	1,878	2,861
Textiles and clothing	106	147	128	263	260	309	378	424	803	1,056
Hides and leather ind.	45	75	65	50	52	40	44	50	82	111
Forestry industry	8	24	2	7	1	1	2	4	20	33
Chemical industry	18	37	33	47	34	24	23	76	94	148
Rubber and plastic ind.	1	1	5	3	3	2	3	16	72	60
Petroleum products	49	86	36	16	-	-	-	39	107	343
Glass and ceramics	7	12	18	20	27	30	37	36	102	104
Cement	15	8	24	16	9	41	45	40	198	207
Iron and steel industry	2	1	20	22	14	21	31	34	100	362
Non-ferrous metal ind.	22	40	21	17	20	12	15	18	30	45
Metal products and mac.	9	16	18	16	14	18	18	30	85	143
Electrical equipment										
and products	1	1	1	2	3	4	4	11	26	75
Others	11	22	4	19	12	10	34	60	159	174
Total	1,317	1,532	1,401	1,960	1,753	2,288	2,261	2,910	4,703	5,746

Source: State Planning Organisation

# IMPORTS BY COMMODITIES

(US \$ millions)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
I. Agriculture and livestock	14	306	202	77	112	50	36	50	125	176
II. Mining and quarrying	243	806	882	1,191	1,546	1,486	1,818	4,006	4,098	3,852
Oil	222	752	806	1,106	1,436	1,396	1,712	3,862	3,878	3,640
Crude Oil	201	694	718	1,002	1,152	1,044	962	2,952	3,258	3,419
Oil products	21	58	88	104	284	352	750	910	620	221
Others	21	54	76	85	110	90	106	144	220	212
III. Industrial products	1,779	2,607	3,555	3,725	4,037	2,943	3,092	3,759	4,641	4,657
Agriculture-based										
processed products	9	150	227	147	58	50	115	301	229	176
Industrial products	1,770	2,458	3,329	3,578	3,978	2,893	2,977	3,458	4,412	4,482
Chemicals	426	338	531	554	555	476	524	727	946	839
Fertilizer		100	48	98	214	283	356	395	254	51
Rubber and plastics		135	176	183	266	154	145	181	240	237
Leather and hide	0	1	1	0	0	0	0	0	1	0
Forestry products	2	1	2	2	2	2	1	3	2	6
Textiles	40	46	66	58	51	50	46	79	78	103
Glass and ceramics	21	21	26	25	25	18	28	35	40	34
Iron and steel	248	531	679	546	690	408	345	462	605	591
Non-ferrous metal ind.	67	131	102	89	97	42	55	87	141	122
Metal products		14	15	27	15	20	14	23	23	37
Machinery	516	637	984	1,070	1,060	761	903	843	1,223	1,309
Electrical appliances	146	174	273	274	291	218	251	270	336	374
Motor vehicles	234	246	332	518	572	378	221	223	356	594
Other industrial pro.	6	82	93	134	141	83	88	130	167	185
IV. Imports with waiver	50	58	99	136	102	120	123	94	69	49
Total	2,086	3,777	4,738	5,129	5,797	4,599	5,069	7,909	8,933	8,734

Source: State Planning Organisation.

WORKERS' REMITTANCES BY MONTHS

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
	(x Million)									
January	82.6	122.0	143.9	70.9	75.4	42.4	83.1	83.3	134.8	149.2
February	55.6	78.9	73.2	57.3	69.4	43.4	75.4	173.3	143.5	130.8
March	60.5	88.7	69.1	58.5	70.6	73.5	55.7	111.7	139.7	147.3
April	69.5	61.2	80.9	59.3	67.7	55.5	128.6	114.8	159.0	152.4
May	83.0	107.8	68.3	66.1	76.7	61.6	639.3	103.2	162.1	160.1
June	96.2	106.7	81.9	87.4	94.3	66.0	106.2	155.0	212.4	165.6
July	180.2	209.1	183.1	110.9	106.2	87.2	100.9	279.4	313.2	242.4
August	165.7	204.8	171.7	109.3	109.1	109.3	111.4	279.5	377.7	300.9
September	105.1	135.8	139.4	98.8	92.1	119.2	110.7	207.3	266.4	196.5
October	83.5	95.0	111.8	86.4	81.3	130.0	90.5	205.0	211.8	203.6
November	81.5	84.4	89.7	81.8	63.7	95.8	99.5	172.5	183.2	143.1
December	119.9	131.8	99.4	96.0	75.4	99.2	95.1	185.9	185.7	178.1
TOTAL	1.183.3	1.442.6	1.312.4	982.7	981.9	983.1	1.696.4	2.070.9	2.489.5	2.170.0

Source: Central Bank of Turkey.

BALANCE OF PAYMENTS

(\$ million)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Current account	-769	-2,245	-3,337	-3,169	-4,044	-2,311	-2,808	-4,999	-4,230	-2,988
Trade balance	1,317	1,532	1,401	1,960	1,753	2,288	2,261	2,910	4,703	5,746
Export fob	2,086	3,777	4,738	5,129	5,797	4,599	5,069	7,909	8,933	8,734
Imports cif	1,253	1,526	1,458	867	657	792	1,105	1,319	1,888	1,797
Invisibles, net	1,183	1,426	1,312	982	982	983	1,694	2,071	2,490	2,171
Workers' remittances	-59	-103	-124	-217	-320	-489	-1,010	-1,138	-1,443	-1,571
Interest payments <sup>1</sup>	-35	-71	-36	-83	-116	-47	-42	-51	-56	-43
Profit transfers	78	42	46	-27	-65	145	179	212	277	256
Tourism, net	86	232	260	212	176	200	284	225	620	984
Other, net	484	-719	-1,879	-2,302	-3,387	-1,519	-1,703	-3,680	-2,342	-1,191
Current balance	129	146	251	360	1,243	728	-160	313	-18	193
Capital account	50	58	99	136	102	120	124	95	69	49
Private capital	27	33	55	27	67	47	86	53	60	55
Imports with waiver	52	55	97	197	1,074	561	-370	165	-147	89
Direct investment	381	300	417	576	503	855	1,845	3,585	2,332	2,584
Commercial credits	328	268	382	570	499	450	421	547	642	754
Official capital	23	2	6	6	4	110	500	1,588	840	1,080
Project credits	30	30	29	-	-	295	924	1,450	850	750
Programme credits	30	30	29	-	-	195	460	980	600	650
Debt relief	30	30	29	-	-	100	464	470	250	100
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-102	-156	-147	-119	-214	-451	-945	-1,556	-1,185	-1,437
Debt repayments <sup>1</sup>	408	290	521	817	1,532	1,132	740	2,342	1,129	1,340
Capital balance	892	-429	-1,358	-1,485	-1,855	-387	-963	-1,338	-1,213	149
Basic balance	-	-	27	18	-	-	27	27	24	-
SDR allocations	60	138	-311	-407	-473	-47	818	949	1,124	128
Errors and omissions	952	-291	-1,642	-1,877	-2,328	-434	-118	-370	-65	277
Overall balance	-	-	216	130	-	170	8	461	335	205
Financing:	-	-	939	1,895	1,762	421	194	216	-212	70
Net use of IMF resources	-224	-63	487	-148	566	-157	-84	-307	-58	-552
Increase in liabilities	-728	354								
Increase in assets(-)										

1. Before debt relief.

Source: Ministry of Finance.

DOLLAR EXCHANGE RATE OF THE  
TURKISH LIRA

(TL. Per \$)

7th September 1946	2.80	25th January 1980	70.00 (55.00) <sup>3</sup>
23rd August 1960	9.00	2nd April 1980	73.70 (57.90) <sup>3</sup>
10th August 1970	14.85	9th June 1980	78.00 (61.30) <sup>3</sup>
28th December 1971	14.00	4th August 1980	80.00 (62.87) <sup>3</sup>
16th February 1973	13.85	11th October 1980	82.70 (65.19) <sup>3</sup>
15th August 1973	14.00	26th October 1980	84.80 (72.50) <sup>3</sup>
14th May 1974	13.50	9th November 1980	87.95 (77.50) <sup>3</sup>
20th September 1975	13.85	10th December 1980	89.25 (78.66) <sup>3</sup>
17th April 1975	14.00	27th January 1981	91.90 (79.41) <sup>3</sup>
8th July 1975	14.25	5th February 1981	95.95 (83.38) <sup>3</sup>
8th August 1975	14.50	24th March 1981	95.95 (83.12) <sup>3</sup>
28th August 1975	14.75	15th April 1981	98.20
28th October 1975	15.00	May 1981	101.92 <sup>4</sup>
15th March 1976	15.50	1981 (Annual Average)	110.16
4th April 1976	16.00	Q1	93.67
27th October 1976	16.50	Q2	101.99
1st March 1977	17.50	Q3	117.85
21th September 1977	19.25	Q4	127.13
1st March 1978	25.00	1982 (Annual Average)	160.76
10th April 1979	26.50 (47.10) <sup>1</sup>	Q1	140.83
10th May 1979	26.50 (42.10) <sup>1</sup>	Q2	151.54
10th June 1979	47.10 <sup>2</sup>	Q3	169.83
		Q4	180.86

1 Premium rate for workers' remittances and tourism revenues.

2 For exports of traditional agricultural goods and imports of petroleum and its products and fertilizer raw materials \$ parity is kept at TL 35.00.

3 For imports of fertilizer and agricultural pesticides.

4 Since 1st May 1981, the exchange rate has been adjusted on a daily basis. The figures shown are averages of the daily exchange rates.

Source: Central Bank of Turkey.



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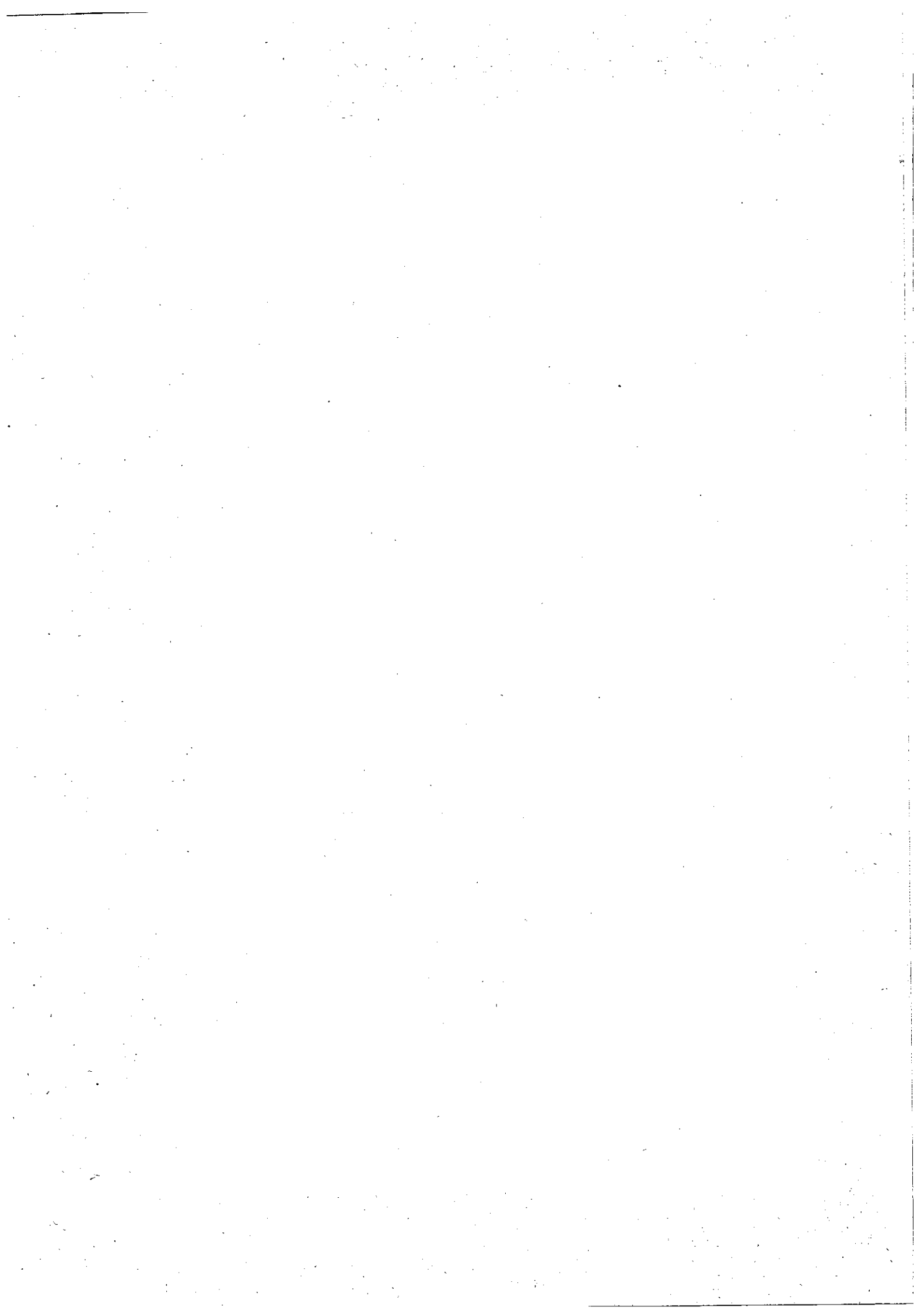
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# Turkish Industrialists and Businessmen's Association

TÜSİAD "Türk Sanayicileri ve İş Adamları Derneği" or "Turkish Industrialists and Businessmen's Association" was founded in August 1971 by the leaders of Turkish industry.

TÜSİAD is a non-profit and independent organization. In serving the various groups to which it is accountable, it seeks to improve the quality and effectiveness of free enterprise through development and dissemination of objective information. It also creates broader understanding of business and economic activity.

Its fundamental purpose is to promote public welfare through free enterprise, by bringing together the experiences and views of those engaged in industry and business. It conducts research in the fields of economic outlook and trends, fiscal and monetary developments, marketing, industrial statistics, international economics, public affairs and other related areas. The Association carries out its research work in a scientific manner and handles confidential information with discretion.

The Association brings together leaders in business, labour, the academic world and government at meetings where economic policy, business prospects and executive experiences are discussed.

The news media are an important link in the Association's communication chain. The Association releases a great deal of its work through the media, thus trying to provide the public with objective information upon which to form sound opinion.

The results of the research programmes are mailed to associates, the academic world, government officials and news media through research reports, a monthly periodical, books and other special publications.

Membership in the Association is voluntary.

## WHAT THE "BY-LAW" SAYS :

### Objectives and Aims of the Association

The objectives and aims of the Association are to contribute to the democratic and planned development of Turkey. It seeks to accomplish this in keeping with the principles of market economy, in conformity with Atatürk's principles.

The Association recognizes the industrialists as the leading power in the development process. It pursues the aim of bringing together, within the Association, the Turkish industrialists of the public and private sectors, professionals, academicians and strengthening the democratic government and free enterprise. The Association's objectives include every effort required for the organization and development of free enterprise in the interests of the country.

## Functions of the Association

- \* In order to attain its objectives along the lines of the market economy principles, the Association emphasizes the vital importance of free enterprise for the national economy and social structure. It urges and encourages free enterprise to discharge its responsibility towards the development of the country, in line with national interests.
- \* The Association believes that economic, social and cultural development within the economic power of this country can be materialized following the example set forth by the free world and through democratic processes. In addition, it stresses the need that national savings be increased and channeled into a capital market open to the public.
- \* Acknowledging the urgency of our educational problems, the Association endeavours to be of assistance in the field of education and training.
- \* With the firm belief that Turkey must have a balanced development in a setting of social security, and that capital, labour and enterprise are complementary essential elements, it contributes to the development of employer-employee relations in order to cause the most profitable and beneficial impact on the overall development of the country.
- \* Engages in activities to channel investments toward priorities of public interest and toward those productive areas that give impetus to exports and earn foreign exchange, and which contribute to development plans. Cooperates with private and public organizations which are concerned with industrial development.
- \* Provides guidance and counsel in order that the commercial and industrial enterprises of Turkey, an associate member of the European Economic Community can build up competitive power both in and outside the Community.
- \* With a view stimulating the Turkish economy, takes the initiative in learning and evaluating the points of view available to be used by the relevant government offices; engages in guidance activities in the reorganization of the industrial structure.
- \* Makes use of such publicity media as radio and TV, newspapers, books and brochures to promulgate its objectives and activities; arranges meetings, courses, seminars, lectures and conventions.
- \* Cooperates with domestic and foreign private and public institutions, chambers of commerce and industry, stock markets, professional associations, foundations or sets up new liaison with them or establishes organizations under its sponsorship.

## WHAT TÜSİAD DOES :

Ever since TÜSİAD's foundation in 1971, it has been a fundamental tenet that the public will share the knowledge developed by the organization's work. It is to everyone's advantage that the public, as well as management, understands how the business institutions work in market economies, and it has been TÜSİAD's special mission to further this understanding among all groups. To do this effectively requires that TÜSİAD be independent, as it is, it draws its financial support from many diverse sources. It studies economics and business, not a spokesman for, but it advocates generally, the "free enterprise". Its published research presents

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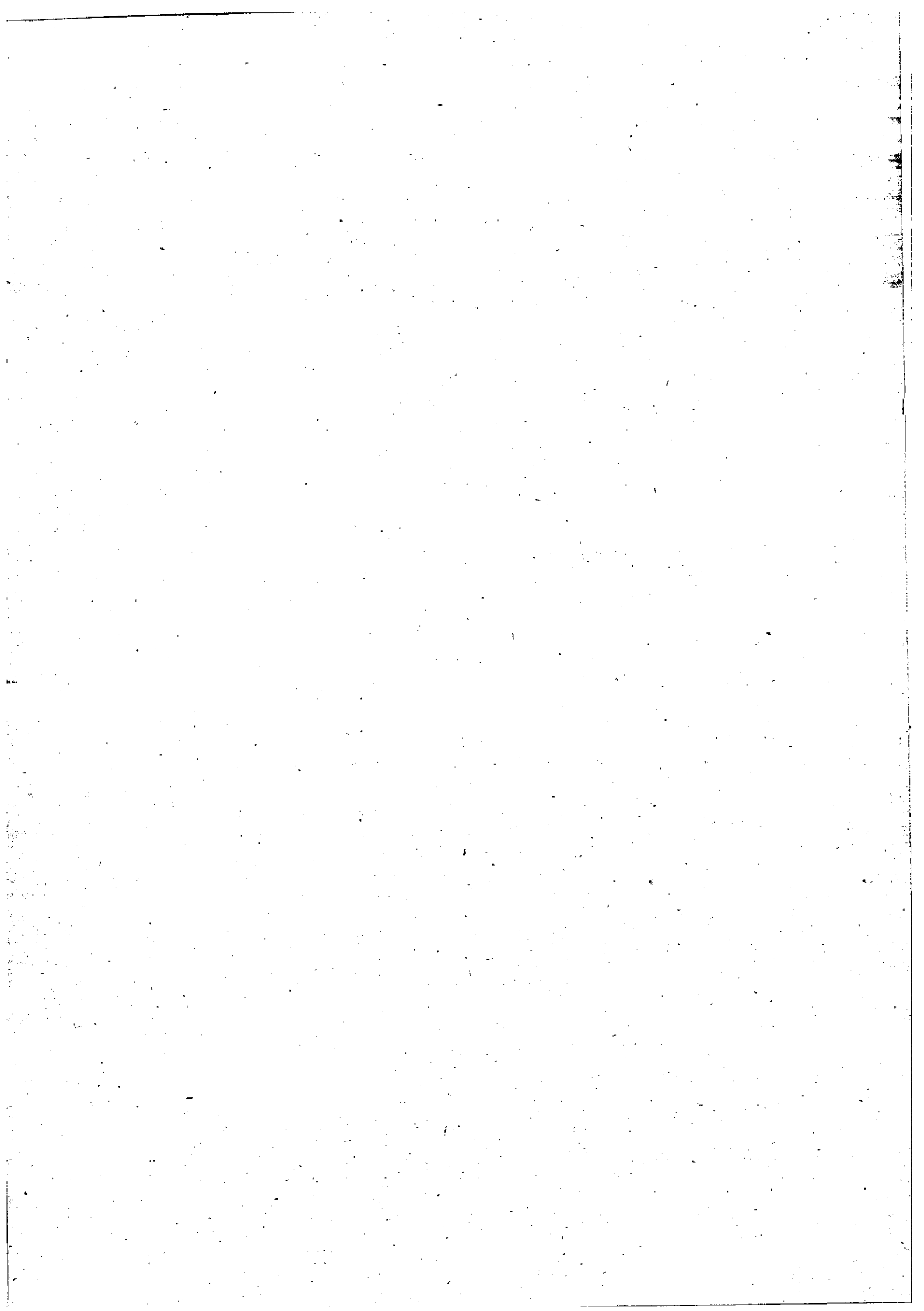
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